

GALAPAGOS

A CRISIS IN EVOLUTION

CREDITS

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Introduction

In 1978, the Galapagos Islands became the first UNESCO World Heritage Site. Their unique ecosystem and pristine state have positioned them as a globally renowned tourist destination, as well as an emblem of Ecuador and environmental conservation worldwide.

However, just 30 years after this designation, UNESCO included the Galapagos on its list of World Heritage in Danger sites due to environmental deterioration and the absence of plans to mitigate risks such as population growth and the arrival of workers from the mainland.¹ Although this classification was reversed, many of the problems that caused the alarm in the first place persist. The Galapagos islands face an inescapable reality: the policies implemented so far have not achieved the desired results, making it imperative to reconsider development models in order to avoid an ecological disaster.²

This study represents the first installment in a series aimed at identifying some of the current issues affecting the archipelago. With it, we hope to begin a serious debate with the objective of achieving harmony between environmental preservation and human activities on the islands.³ In these pages, we lay the groundwork for a discussion focused on generating solutions to the challenges facing the islands, starting by acknowledging the obvious: the current model has brought them to the brink of an ecological precipice. If we tumble into it, neither the environment nor the country's reputation as a guardian of its natural resources will be restored.

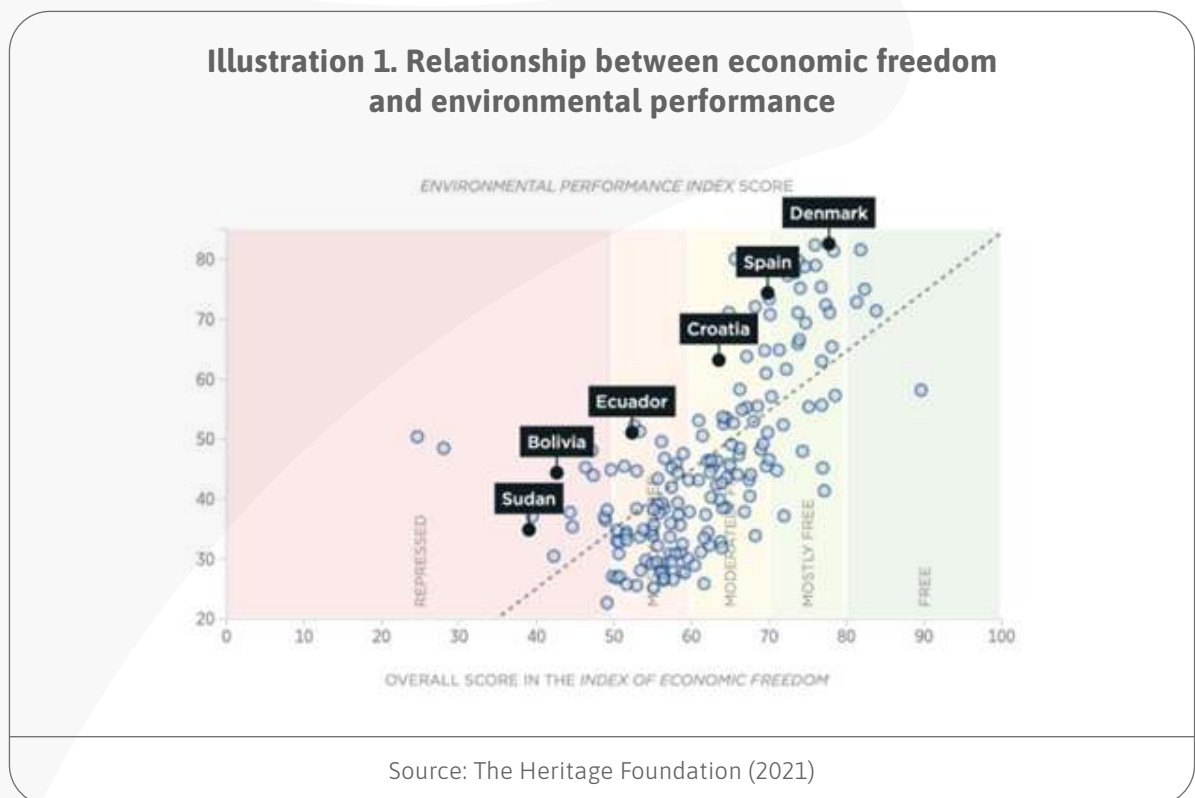
The challenge we face is to propose a new vision and at the same time a concrete plan for its implementation. It is crucial to find solutions to the problems aggravated by erroneous policies that, unfortunately, persist. If we want to alter the existing conditions, we must present new ideas to achieve a change in the current paradigm. In addition, these proposals must be communicated and supported by the population. Only with the acceptance of new ideas and community support will we be able to change the course of the Galapagos and turn it into an example to follow.

1. The report stated "... the archipelago is threatened by invasive species, tourism and immigration. For example, cruise ship stays have increased by 150% over the past 15 years and the tourism boom has generated economic growth that has attracted workers from the mainland." (Naciones Unidas, 2007).

2. Several years ago, Grenier (2007) warned: "...the poor sanitary conditions in which a growing population lives (...) could lead to an ecological disaster..." (p.256).

3. Our work aligns with the Galapagos 2030 Strategic Plan, which states: "All of us who live in Galápagos must share the great challenge of ensuring life here strikes the necessary balance between profitable and sustainable activity and supports the conservation of our World Heritage Site." (p.5).

To achieve a paradigm shift, it is essential to recognize the positive correlation between economic freedom and environmental quality. As shown in Illustration 1, economic freedom and environmental performance are closely linked. The relationship between these variables is well-established in economic literature and is replicated in various studies worldwide. For instance, a study in the European Union conducted during the 2000–2018 period and published in 2022 by the *International Journal of Environmental Research and Public Health* concluded that “the causality analysis indicates that market-oriented economic structure and education can be beneficial in combatting environmental degradation.” (Sart et al., 2022).



Therefore, if we want improvements in environmental conservation, it is necessary to promote greater economic openness and freedom in the islands’ economy. However, the policies applied since 1998 have taken a contrary course, favoring a system of central planning and mercantilist self-sufficiency, with the consequent environmental deterioration.⁴

To change course, a consensus must be built among the population to replace the current policies of central planning and prohibitions with a system based on the respect for private property and freedom. The principles of free trade should be the preferred option, especially for volcanic islands that aim to be preserved in a pristine state.

4. We must not confuse mercantilist self-sufficiency with political and economic autonomy. Mercantilism advocates for trade isolation to promote local industry; political autonomy, on the other hand, requires the population to take responsibility for maintaining the islands and providing the resources for their subsistence. In this sense, self-sufficiency and autonomy are completely different concepts.

There is an urgent need to question the continuation of policies whose evidence clearly demonstrates their failure. Their reformulation or elimination must be promoted, since they are generating effects contrary to the objectives they seek to achieve. Unfortunately, human beings tend to resist change, and interest groups have incentives to maintain the status quo. Consequently, replacing existing norms is a politically complex challenge, since it implies confronting interest groups and resistance to change.

We all share the challenge of enabling flourishing in harmony with the environment. To achieve this, we must be willing to assume the responsibility of being the guardians of the Galapagos Islands. Only then can we ensure their autonomy and conservation.

The greater the autonomy citizens and political entities of the archipelago have to make decisions about their future, the more direct the impact of their actions will be, providing clear incentives to align these decisions with social welfare. It is important to rethink the current system because, despite the apparent autonomy the islands enjoy, they still largely depend on the central government.

The Galapagos Islands have the advantage of being a Special Regime, which allows them to modify their legal framework and economic institutions independently from the existing legal framework on mainland Ecuador. This condition represents an opportunity to detach from the failed policies inherited from the rest of the country. Thanks to the Special Regime, changes in the political-administrative structure are facilitated to achieve greater openness and economic freedom on the islands.

However, this advantage remains largely unexploited, and mercantilist policies from continental Ecuador have instead been entrenched, stifling economic growth and worsening environmental degradation. This approach can and must change if we aspire to achieve sustainability and prevent resource overexploitation. It is imperative to question whether mercantilism is a suitable policy for the development of islands that rely primarily on trade and openness for their subsistence.

In order to propose changes to its institutional structure, it is necessary to study the legal framework that currently governs the Galapagos. Therefore, part of this study is a compilation of the rules and laws applicable to date (Annex 1). We have published a catalogue with links to each law and regulation, which is available in digital format on the website of the Instituto Ecuatoriano de Economía Política (IEEP) (www.ieep.com.org.ec). There, the reader will find the pertinent information in a single reference point and will be able to access the different laws, agreements and resolutions in force in the archipelago.

The launch of the digital repository that compiles the rules and regulations pertaining to the legal framework of Galapagos is a project that requires citizen participation to remain up to date. In collaboration with *Galápagos Para Todos*, we have undertaken this initiative for Ecuadorian society to facilitate study and contributions aimed at preserving an ecosystem as unique as that of this insular province.

This study has been divided into three parts. The first part presents the general diagnosis: the theoretical framework, the perverse incentives, and the general conclusion. The second part goes deeper into the analysis by providing more data, more in-depth case studies, and exposes the flaws in the procurement of supplies to the islands. The third part presents the index of the laws and regulations that constitute the legal framework of the Galapagos.

This publication does not outline explicit changes in laws or the governmental structure. We leave that for future installments. The focus of this work is to provide a general diagnosis of the underlying problems to initiate an informed debate. This study therefore represents a first step toward eventually seeking solutions to the identified problems

With this release, IEEP begins its contributions to the study and promotion of environmental policies with the aim of improving the quality of life of citizens by advancing the ideas of liberty. This project would not have been possible without the support of our sponsors: Atlas Network, Rising Tide Foundation, Universidad de las Hespérides, and the legal support of ECIJA GPA.

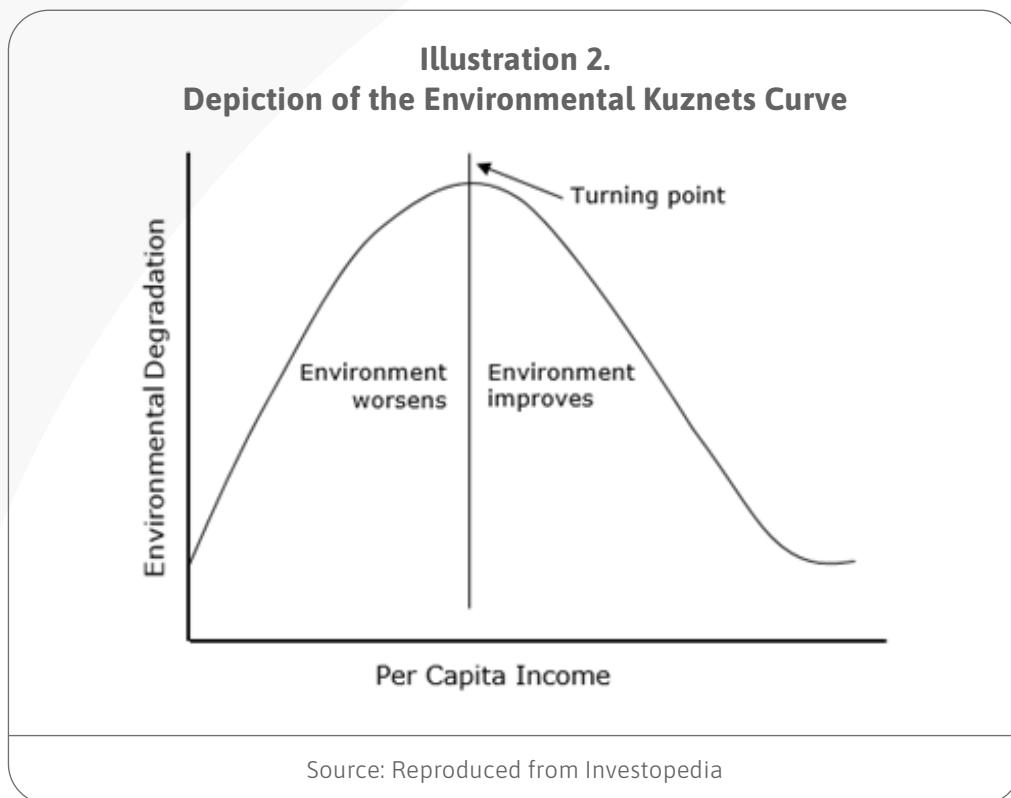


✦ First Part

Theoretical Framework: The Environmental Kuznets Curve

The empirical result suggesting that greater economic freedom leads to better environmental outcomes is supported by the theoretical framework proposed by the Environmental Kuznets Curve (EKC). This theory posits an inverted U-shaped relationship between economic development and environmental degradation, whereby in the early stages of economic development,

pollution and environmental deterioration tend to increase. However, beyond a certain level of wealth, called the “turning point,” awareness changes and the trend reverses: environmental quality begins to improve as the level of wealth grows and tends to become increasingly better (Illustration 2).



The Environmental Kuznets Curve (EKC) theory proposes the following stages:

- 1. Early Stages of Economic Growth:** As a country begins to industrialize, environmental degradation tends to increase. This is due to factors such as

pollution from factories, deforestation for agriculture or urbanization, and unsustainable resource extraction. At this stage, the priority is usually economic growth, often at the expense of the environment.

2. **Turning Point:** At a certain level of economic development, a shift in awareness and policies occurs. As incomes rise, public demand for a cleaner environment grows. Governments and businesses begin investing in cleaner technologies, environmental regulations become stricter, and the economy transitions to being more service-oriented rather than relying on resources or manufacturing.
3. **Later Stages of Economic Growth:** As the economy continues to grow, environmental degradation stabilizes and even begins to slow. Wealthier countries can afford cleaner technologies, renewable energy, and sustainable practices. This leads to improvements in air and water quality, better waste management, and conservation efforts. Eventually, in the

most mature stage of the curve, the benefits of environmental care have been internalized and the curve loses its slope.

Following the EKC argument, policies in the Galapagos should aim to increase the population's GDP per capita to foster greater environmental awareness of the archipelago's unique and delicate ecosystem.

In this study, we will argue that the existing incentives driving migration and the existence of a captive population in the Galapagos must be reformed, and several of the economic policies that are contrary to investment and productivity growth must be reversed in order to rapidly advance along the Kuznets Curve and achieve greater harmony with the environment, the source of wealth of the Galapagos Islands.

General diagnosis: the underlying problems

The extinction of the tourist

One policy that has clearly failed is the restriction of migration to the islands. In 1998, the first immigration restriction policies were implemented with the aim of limiting the number of residents. Since then, the growth of the permanent population has been 44% greater than the growth rate of mainland Ecuador. Clearly, the policy has not worked, yet it persists. Furthermore, it seems to have contributed to the problem.

Migration restrictions have created a privilege that, combined with greater job availability driven by tourism, has encouraged population growth. Counterintuitively, prohibiting migration creates an incentive for it to increase, producing the opposite effect of what was intended. Given the evident failure

of this measure, it is necessary to consider alternatives that not only reduce or stabilize the population burden on the islands but also improve the quality of life for their inhabitants and strengthen environmental protection.

Under the theory that the islands' natural resources have a limit, the permanent population could not continue to grow without sacrificing its main source of income: tourists. If the permanent population continues to increase, a balance in the use of resources could only be maintained by reducing, and eventually completely restricting, the arrival of tourists.

If the goal is to maintain the current levels of 'human environmental burden' constant over

time, we can extrapolate how much resource consumption corresponds to each permanent resident and each tourist. To simplify the calculation, we round the numbers: currently, 330,000 tourists enter per year and there are 30,000 permanent residents; that is, for every permanent resident, there are 11 tourists per year. If we want to keep the environmental burden constant, for every new permanent resident, 11 fewer tourists must enter the islands. To maintain a constant human burden, the increase in permanent residents can only occur by displacing those who generate economic income for the islands (the tourists). It is easy to see how this trend is unsustainable.

The average annual population growth rate since the implementation of the measures has been 2.3%. In the period 2010-2022, it fell to 1.6%. At that rate, and assuming that the

total burden on resources is to be maintained at current levels, in less than 50 years 100% of these resources will be consumed by permanent residents, eliminating tourism altogether. Put differently, at that point the “total extinction of tourism” will have been consummated.

To maintain stable water and energy consumption, with each passing year the growing permanent population will have to rely less on tourism income, accelerating the collapse of the local economy. This trend will increase environmental degradation since, without tourism income, the population will exploit natural resources even more (illegal fishing, wildlife trafficking, etc.) and illegal activities will be fostered (drug and fuel trafficking). This is precisely the opposite of what is desired according to the EKC.

The general problem of subsidies

Much of the current population growth is explained by widespread subsidies. Without subsidies, it would be more expensive to live in the Galapagos, so subsidies create incentives to migrate and settle permanently. To achieve economic growth and environmental improvements, it is necessary to adjust prices to truly reflect the cost of living in the archipelago. One of the main distortions in the cost of living comes from fuel subsidies. If we want to be consistent with conservation, we must understand that subsidies increase the demand for polluting resources, as well as increasing waste on the islands.

When a good is subsidized – its price is lower than what the consumer would be willing to pay for it – there is an incentive to consume more of it. If the price of energy, for example, is below what the consumer would be willing

to pay, more energy will be demanded. Consequently, a subsidy creates greater demand for the subsidized good.

In the Galapagos, electricity generation is primarily obtained from diesel combustion in thermoelectric plants. According to the Galapagos Islands Strategic Plan 2030 (p.31), the consumer only pays a quarter of the cost of generation and distribution of the electricity they use.⁵

Thermoelectric plants are the most polluting for the environment, so energy subsidies not only increase the population burden, but also directly affect the environment (Illustration 3). Therefore, eliminating fuel subsidies in the Galapagos Islands is a primary environmental objective.

5. The energy subsidy is also maintained by transporting thousands of gallons of fuel to the islands to operate the thermoelectric plants. In other words, subsidized resources supplied by a means of transport that has used subsidized fuel are consumed.

Illustration 3.
The contradiction of fuel subsidies in the Galapagos



Living on volcanic islands in the ocean comes with costs. To make it possible, one must either sacrifice many modern luxuries or be willing to pay the price of obtaining them a thousand kilometers away from the mainland. Only when each resident takes responsibility for their housing expenses can the sustainability of the environment be better envisioned. Otherwise, there will always be greater

demand for resources. If the goal is to preserve the islands in their primitive and pristine condition, subsidies should be completely eliminated. Environmental responsibility starts at home, and subsidies only harm the environment. Therefore, there should be a consensus on removing fossil fuel subsidies in the Galápagos Islands.

Protectionism deteriorates the environment

Subsidies are already a latent problem for the islands, but monopolies and privileges are equally or more harmful to the environment. An erroneous policy imported from the mainland is protectionism disguised under the slogan of “food sovereignty,” through which monopolies are created for permanent residents who produce food on the islands. This “food sovereignty” has encouraged, for example, the proliferation of coffee cultivation in the Galapagos, which is a thirsty grain - since it is a plant that consumes a lot of water (see details in the case study in Part II).

The urgency to change current policies in the Galapagos can be seen in the water situation of the most populated island. There are no natural aquifers on Santa Cruz, so much of the water consumed comes from rainwater that accumulates in volcanic cracks or that families collect. For several years now, the island’s water sources have been contaminated and are far from being suitable for human consumption.⁶ A growing population that increasingly contaminates the little water that it depends on is a health and environmental time bomb.⁷ Affirmative

6. In an interview in January 2024, the mayor of Santa Cruz pointed out that 60% of the island’s population is consuming drinking water contaminated with fecal matter (Prensa.ec, 2024).

7. According to Mateus et al. (2019, p. 2), the main groundwater sources on Santa Cruz Island are contaminated due to several factors, such as “the location of the basal aquifer beneath dense urban settlements, the lack of effective wastewater treatment plants, and seawater intrusion.”

action limits investment in the islands and grants privileges to residents,⁸ protecting them from competition. As mentioned above, these privileges have served as a magnet for further population growth, contributing significantly to the environmental problem.

Speaking of affirmative actions, minimum wages in Galapagos are 80% higher than on the continent. Thanks to privileges like this, permanent residents prefer other occupations to manual labor in the fields, resulting in an unmet demand that attracts significant immigration flows for jobs that require cheap labor.

Coffee is a perfect illustration of how these and other central planning policies, no matter how well-intentioned, end up generating consequences. In this case, the consequences harm the islands in three ways: the cheap labor coming from the mainland also consumes electricity, cooks with subsidized gas that must be transported from the mainland, and pollutes scarce water sources.⁹

The more coffee that is planted in the Galapagos thanks to the fact that it is protected from external competition, the greater the demand for new workers, water, and subsidized gas and electricity. Thus, the policies imposed to protect local producers under the false premise of “food sovereignty” only serve to create monopolies that end up undermining the ideal of conservation and the quality of life for everyone on the islands.

As previously mentioned, there is no aquifer in Santa Cruz; however, it is the most populated

island and has the most developed logistical infrastructure. Santa Cruz receives 70% of the air traffic from the mainland. It is home to Puerto Ayora, the largest urban center in the islands, with two-thirds of the total population. The parishes of Bellavista and Santa Rosa are agricultural areas in the highlands of the island, and, like Puerto Ayora, they have households with unmet basic needs and limited access to essential services, such as proper sanitation systems. All these new island residents consume and generate waste at a rate of 0.78 kg per person per day (Plan Galápagos 2023, p. 29). Various studies have warned that improper wastewater treatment is one of the main sources of water pollution in Santa Cruz.¹⁰

The growing migration problem is only accelerated by the privileges that the Government of Galapagos maintains and the national subsidies end up making the stay of the resident cheaper. This combination of factors is a cocktail of unsustainable policies incompatible with the conservation of the environment.

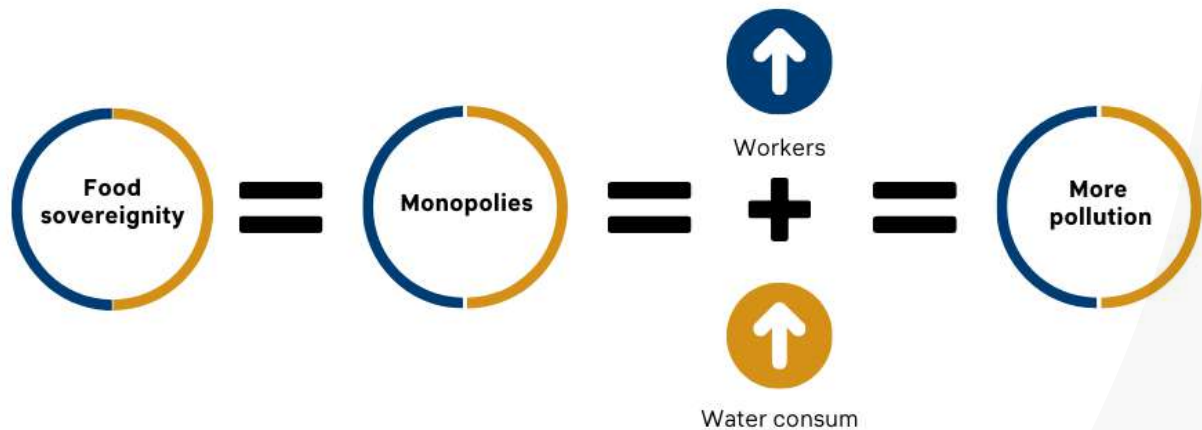
At the same time, the growth of fixed capital on the islands is inhibited through restrictions on investment, trade and competition. This, combined with policies that encourage migration (affirmative actions) and increase the use of polluting resources, is contrary to the sustainable development of the archipelago (Illustration 4).

8. Affirmative actions are policies or measures designed to address historical injustices and discrimination by promoting opportunities for marginalized or underrepresented groups. These conditions do not apply in the case of the Galapagos population.

9. In the Galapagos you pay the same for a gas cylinder as on the mainland, despite the cost of freight. As a result, no private contractor wants to take on the responsibility of transporting gas. The Ecuadorian Navy, through TRANNAVE, has a vessel designated exclusively for the purpose of keeping the islands supplied with cooking gas.

10. See Mateus et al. (2019) y Ragazzi et al. (2016).

Illustration 4.
The effects of food sovereignty



The proliferation of bureaucracy

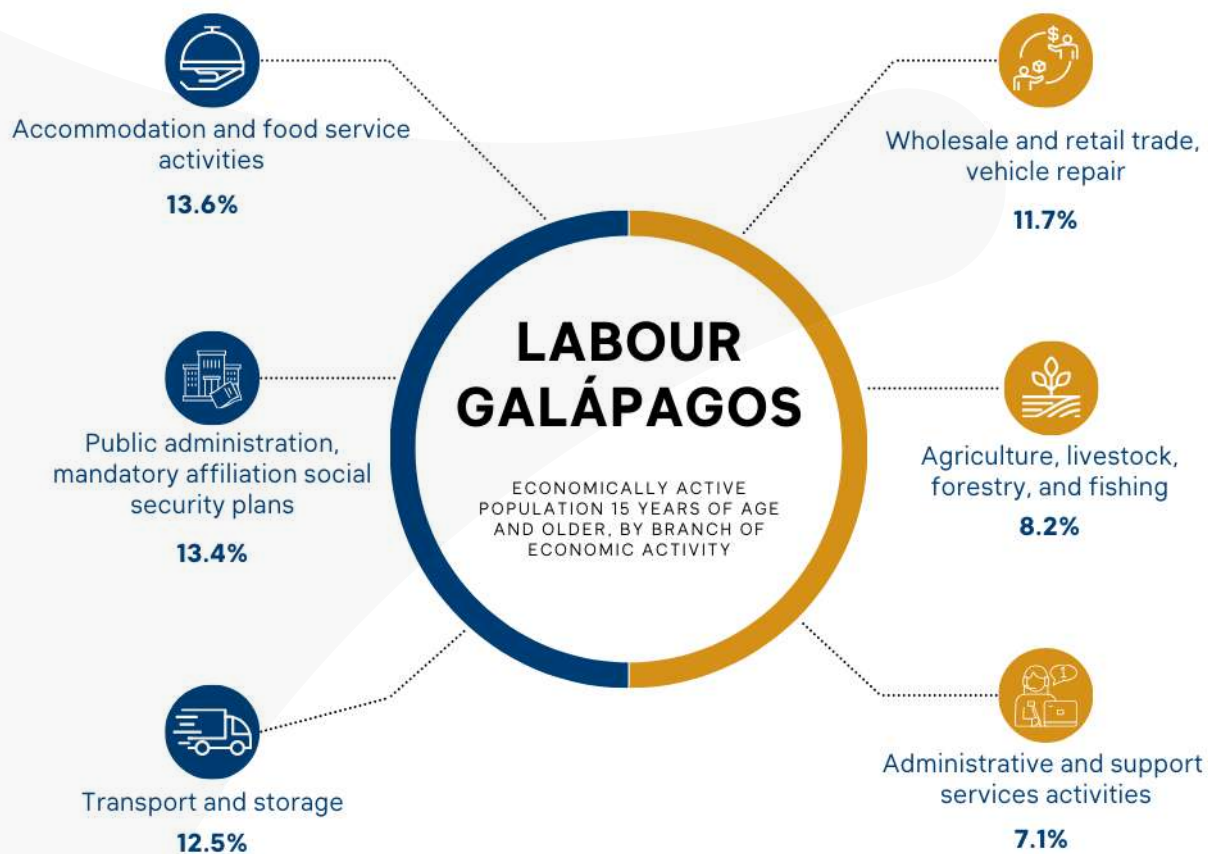
Another effect of the adoption of policies from the mainland is the proliferation of a bureaucracy of disproportionate size for such a small population. Due to investment restrictions and the high incidence of regulations, planning, and protectionism, the model drives away investment and prioritizes public administration.

One of the costs the Galapagos population should bear to achieve better stewardship over the islands' natural resources is the bureaucracy that has developed around the structure of the Governing Council and the local Municipalities (and their affiliates: the Galapagos Biosecurity Agency and the Galapagos National Park). Only when permanent residents have to cover the cost of their own bureaucracy will the proper incentives be created to restrict its growth.

The privileges created by the so-called "affirmative actions" only benefit a few, and encourage immigration to take advantage of these privileges. By law, public employees in the Galapagos earn more than their continental counterparts and must be permanent residents. As can be seen in Illustration 5, the public sector is the second source of employment, occupying 13.4% of the economically active population (EAP) of the islands. On islands that live off tourism, the public sector employs the same number of people as the "accommodation and food service" activity.

One might wonder: would the bureaucracy be so large if the economy of the Galapagos depended solely on its direct income (without subsidies) and if there were no affirmative actions that promote it?

Illustration 5.
Economically Active Population by sector



Source: Prepared by the authors with data from the Galapagos 2030 Strategic Plan

How to achieve environmental improvements?

Those who live off nature are the best guardians of their resources. To advance environmental care, the best thing we can do is to give greater “agency” to the inhabitants of the islands and their governing entities. Galapagos should be autonomous in decision-making and not dependent on political decisions or external subsidies. In other words, full autonomy for the islands should be accelerated, including the transfer of powers such as the collection of revenues to pay for their needs and the governance of the islands. This need for political and economic autonomy is imperative and should be the number one objective to ensure harmony between the inhabitants and the environment.

In order to achieve the necessary growth and thus improve environmental protection, it is necessary to abandon the idea of mercantilist self-sufficiency. Mercantilism is contrary to the norms based on respect for the universal principles of private property and freedom of movement of capital (human and physical) in the islands. Dismantling the mercantilist structure should be carried out at the same time as dismantling or compensating all the subsidy mechanisms that the central government of Ecuador now provides to the islands. Only in this way will it be possible to advance towards greater autonomy.

No change can be accomplished in a vacuum. That is why we make an open invitation to the public to be part of the project by actively participating in the discussions that will be organized around this debate in Galapagos and in educational centers throughout the country. Additionally, the repository of laws that we have created at the IEEP is a work that will require constant updates, especially

regarding the municipal regulations of each local Municipality. In coordination with the Galapagos Para Todos Foundation, IEEP will be able to provide study material supporting the development of the Galapagos Islands and the international heritage of humanity.

One conclusion is inescapable so far: the exclusion policies that have been practiced have not worked. On the other hand, eliminating them completely without eliminating subsidies poses significant and perhaps worse challenges for the environment. Given the imminent failure of existing policies, it is time to consider alternatives in order to achieve greater autonomy and agency, while at the same time preserving the nature and unique primitive existence of the Galapagos Islands.

In the following pages, we delve into some of the challenges faced by the Galapagos Islands in their efforts to improve both quality of life and environmental quality. We provide examples of the perverse incentives related to migration, protectionism, and infrastructure issues concerning the supply system. All these problems persist due to the lack of private property, free competition, and excessive regulations. With this work, we aim to document and highlight the existing shortcomings to spark a debate on the need for change that enables a balance between sustainable human activity and the conservation of a natural heritage like Galapagos. The issues persist because of a lack of consensus or political incentives, and it is necessary to propose alternatives for genuine autonomy that will allow the Galapagos and its inhabitants to flourish while avoiding an ecological disaster.



✦ Second Part

In this second part we delve deeper into the three major problems identified. Additionally, we provide more information and clear examples of the negative effects of the policies of subsidies and privileges. In the end, we document the deficient logistics supply system that has not been resolved despite having obvious and easy to fix flaws.

Migration policy and population pressure

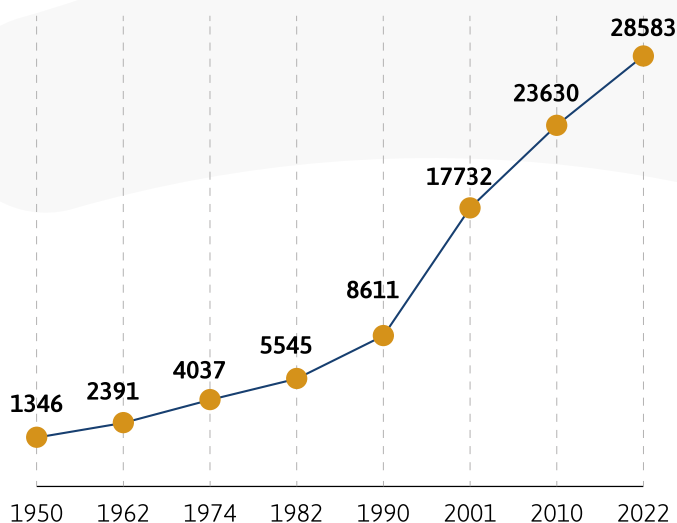
In 1998, a migration control policy was established through the Special Law for the Conservation and Sustainable Use of the Galápagos Province (Ley de Régimen Especial para la Conservación y el Desarrollo Sustentable de la Provincia de Galápagos). It was later ratified with the adoption of the Special Law for the province of Galapagos (Ley Orgánica de Régimen Especial de la provincia de Galápagos, LOREG) of 2015.

Thus, every person seeking to enter the archipelago must belong to one of the following migratory categories: 1) permanent

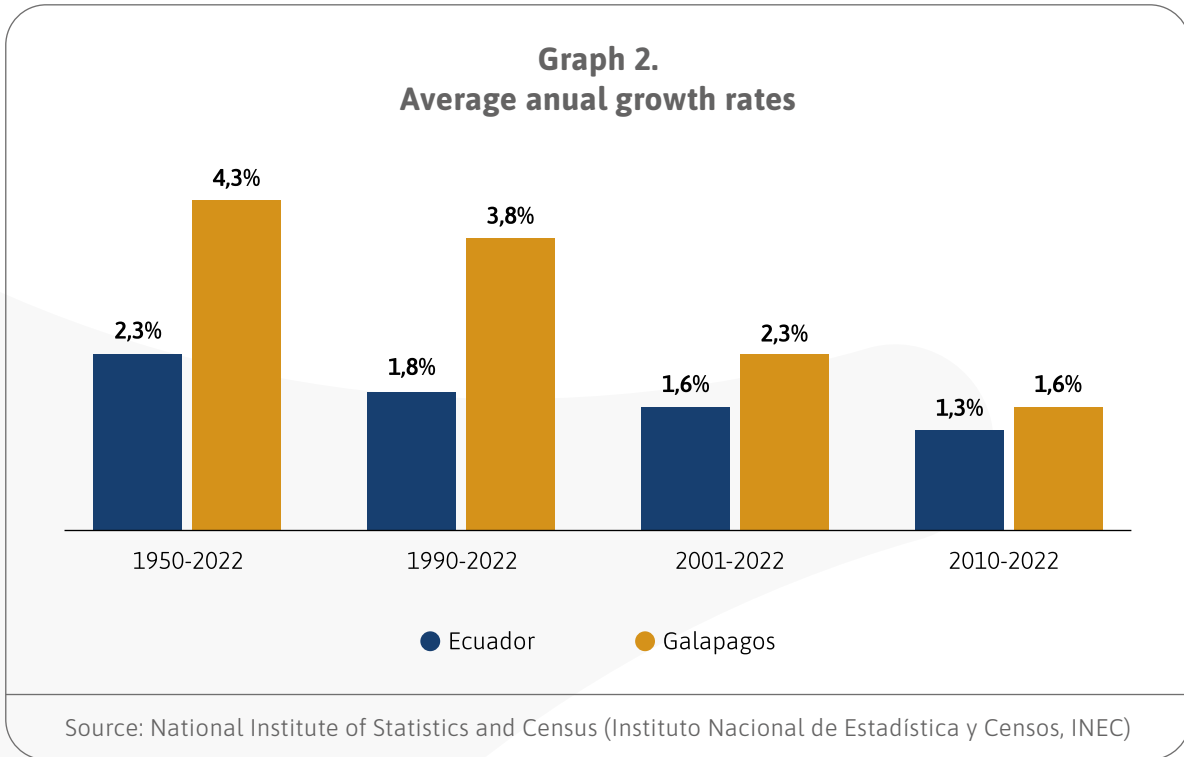
resident; 2) temporary resident; 3) transient; and 4) tourist. Permanent residency is the only one that authorizes a person to live and work permanently in the province.

The population in Galápagos, however, has grown rapidly (Graph 1). Since the implementation of the restrictions in 1998, population growth has been 44% higher than that of mainland Ecuador (Graph 2). This shows that the policy has not served its intended purpose. Moreover, it has likely contributed significantly to the undesired increase

Graph 1. Evolution of population in the Galapagos



Source: National Institute of Statistics and Census (Instituto Nacional de Estadística y Censos, INEC)



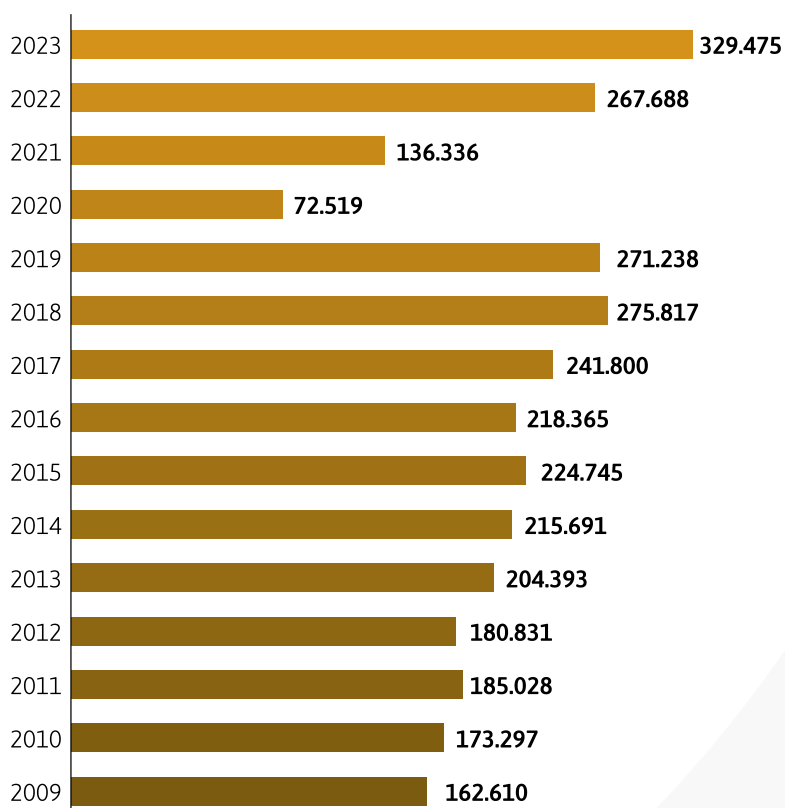
Likewise, tourist arrivals continue to rise. By 2023, tourist arrivals set a record number of visits with almost 330,000 people (Graph 3). This permanent influx of tourists is a regular source of employment opportunities that does not exist in the rest of the country.

The constant arrival of tourists means that there is a permanent number of people on the islands that exceeds the resident population. The number of people who stay temporarily

on the islands, but do not reside there, is called the floating population. The floating population in Galapagos currently amounts to approximately 5,000 people (Graph 4); that is, the 330,000 annual visitors are distributed throughout the year in such a way that every day there are around 5,000 additional inhabitants on the archipelago in addition to its nearly 30,000 residents.¹¹

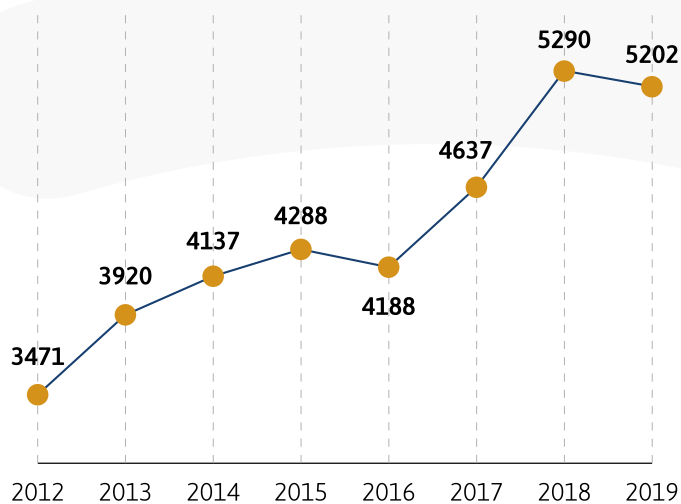
11. The floating population created by the influx of tourists is calculated by dividing the annual number of tourists by seven (assuming each visitor stays for one week) and then dividing by seven again (CAF/OIM, 2021a).

Graph 3.
Evolution of tourists in Galapagos



Source: Galapagos Tourism Observatory

Graph 4.
Evolution of the floating population in Galapagos



Source: CAF/OIM (2021a)

The immigration control policy creates privileges that have been deepened by affirmative action measures that encourage migration and the search for illegal residence.

For example, the minimum wage in Galapagos is higher than in the mainland. The 1998 law decreed the doubling of public servants' salaries and increased the salaries of private sector workers by 75% compared to their counterparts on the mainland. Currently, in general, salaries in Galapagos are 80% higher than in the rest of the country.

As if that were not enough, permanent residents enjoy other important privileges. For example, there is a local hiring policy that determines that priority must be given to Galapagos residents when offering employment. Likewise, only Galapagos residents can engage in certain productive activities. Tourism operation permits are only granted with the participation of permanent residents since there is a requirement that all investments in Galapagos have at least 51% Galapagos shareholders.

As discussed earlier, the existence of prohibitions has not significantly reduced migration to the islands; rather, it has "trapped" people who might have migrated to the mainland in search of employment. Meanwhile, mechanisms to circumvent the restrictions have proliferated.

Permanent residency is granted to persons whose father and/or mother have permanent residency, as well as to the spouse or partner of a permanent resident, provided that at least 10 years have passed since the date of the marriage or de facto union, respectively. This is why arranged marriages, for which thousands of dollars are paid, proliferate in the Galapagos, (Illustration 6).

Irregularities are common and the privilege lends itself to corruption. Despite the prevalence of such circumvention, the authorities run campaigns to reinforce the privileges, which only increases the costs of obtaining residence irregularly (Illustration 7). Between February and July 2024 alone, the Government Council reported that 78 anonymous complaints had been dealt with, 36 related to people in an irregular status and 42 for monitoring partners (Illustration 8). It is worth asking how effective these controls are against the bulk of irregular cases

Illustration 6.
Meme about arranged marries



Illustration 7.
Information for reporting
irregularities to the Government
Council

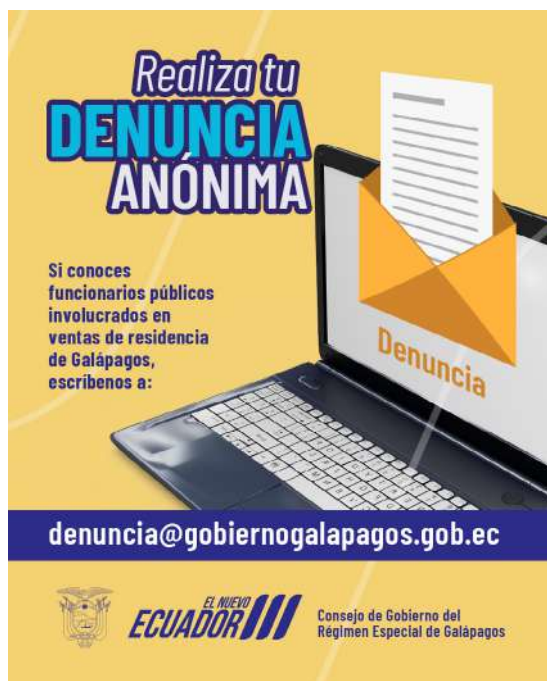


Illustration 8.
Statement on complaints addressed
by the Government Council



This range of privileges and affirmative action measures makes it worthwhile to achieve permanent resident status, even considering the cost of several thousand dollars involved in arranging marriages or living in hiding.

Protectionism

“Food sovereignty”

According to the Special Law for the province of Galapagos, the Government Council has among its responsibilities “promoting food sovereignty and security and agroecological production,” as well as “promoting provincial economic and productive activities within the framework of territorial and provincial sustainability.”

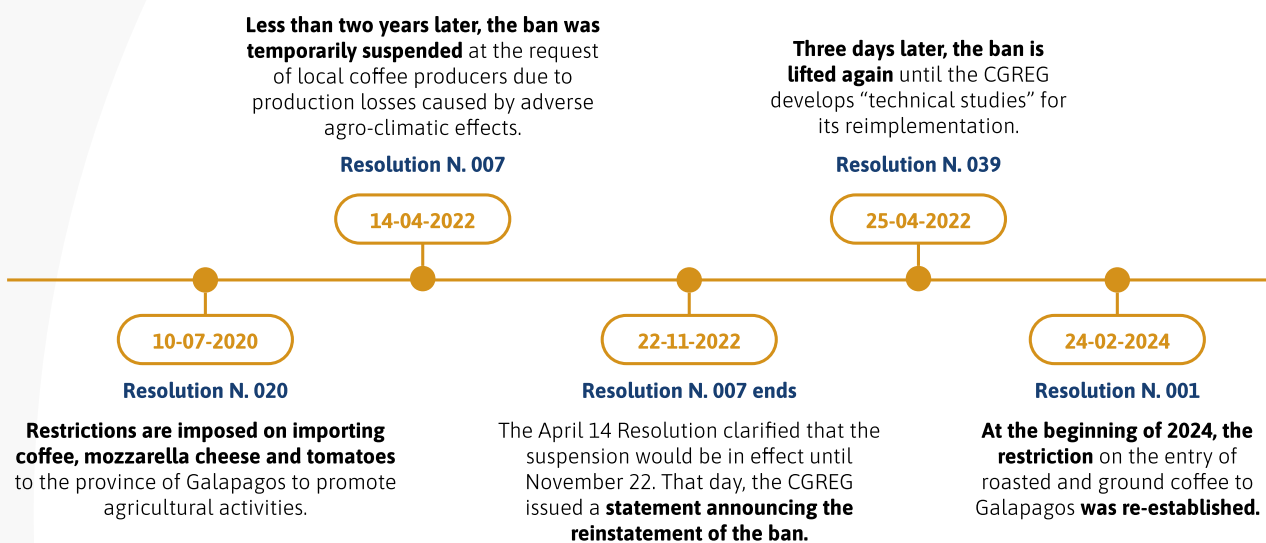
Based on these powers, the Governing Council has issued resolutions restricting the entry of certain products in order to promote local production. In July 2020, resolution 020-CGREG-10-07-2020 was issued, temporarily restricting the entry of roasted and ground coffee into the Galapagos, as well as tomatoes and mozzarella cheese.

Restrictions of this kind only serve to create monopolies from which a few benefit and limit

the freedom of citizens to consume products. Furthermore, as will be presented below, in the case of Galapagos these measures end up creating unnecessary and severe environmental problems.

In the particular case of roasted and ground coffee, the measure has proven to be highly inefficient, as evidenced by the recurring need to lift the ban. Illustration 9 presents a timeline of this policy. In short, the ban was established in 2020, temporarily lifted less than two years later due to an insufficient harvest, and its reimplementation was postponed. It was reinstated at the end of 2022, but suspended again after just three days, only to be re-applied at the beginning of 2024.

Illustration 9.
Timeline of the restriction on the entry of roasted and ground coffee



In four years, imports have been suspended three times, and the ban lifted twice. This demonstrates the power of the few who make up interest groups at the expense of the general population. It is also a typical example of the failures of central planning and excessive government interference in individual decisions. The free market has no problem satisfying the world demand for coffee, however, protectionism in the Galapagos succeeded in creating a shortage.

The coffee restriction policy also has unintended effects in terms of pressure on the ecosystem. Coffee cultivation is water-intensive. This resource is used both for the plant's growth and for post-harvest processes such as washing the beans. The availability of water resources is limited in the Galapagos. Water sources depend on rainfall to recharge aquifers. In other words, the incentive for coffee production ultimately promotes the use of one of the islands' scarcest resources.

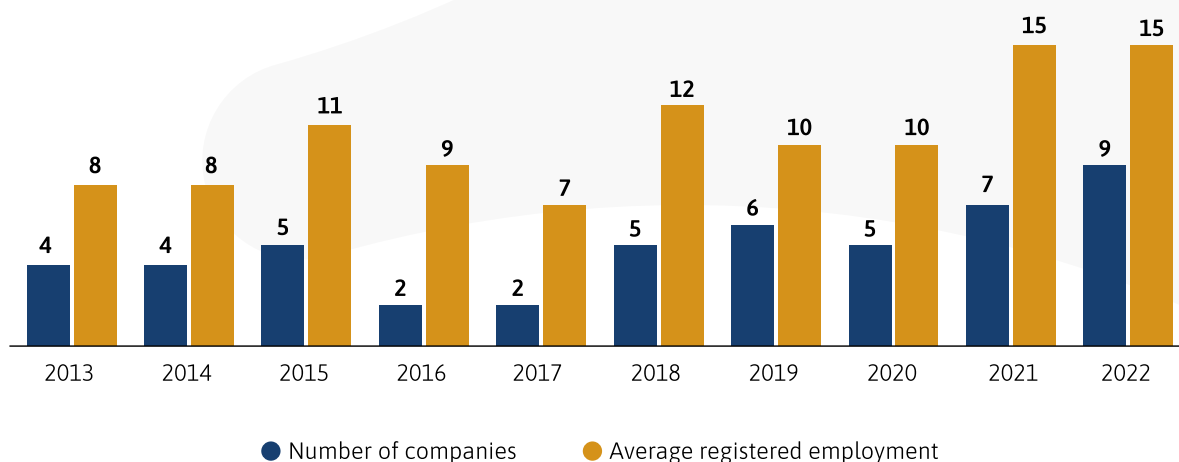
In addition to water, coffee cultivation is labor-intensive. Due to the constant demand for

tourism work, the affirmative action measures that allow locals to access these jobs, and the higher wages mandated by law, this work is unattractive to Galapagos residents. Therefore, producers rely on labor from the mainland, which is attracted by the higher wages paid in the Galapagos.

Although the producers, when hiring workers from the continent, acquire the commitment to ensure that they return once the contract ends, the truth is that many of them end up staying and working irregularly. This contributes to the increase in the permanent population of the islands, as these irregular workers are "trapped" since they cannot constantly leave and enter.

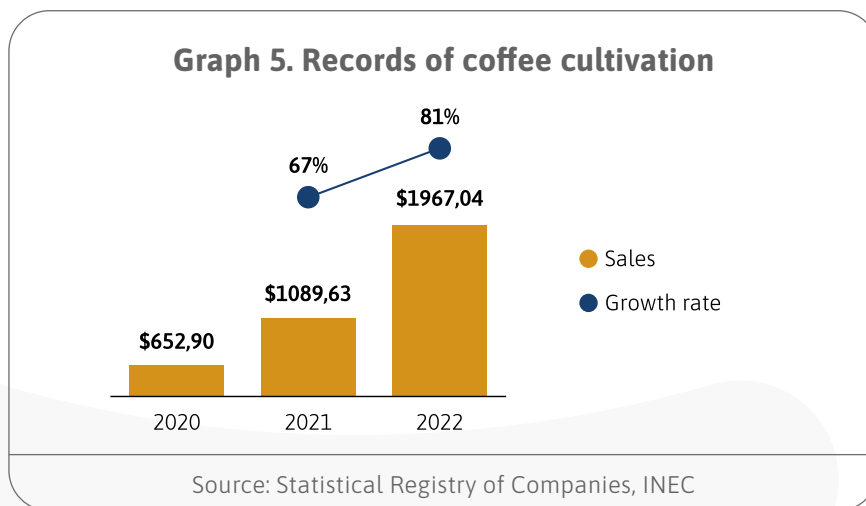
The disparity between the evolution of employment figures and sales would be an indication of this phenomenon. Between 2021 and 2022, two new companies dedicated to coffee cultivation were registered, while total sales for this activity grew by 81%. Curiously, average registered employment did not change (Graph 5).

Graph 5.
Records of coffee cultivation¹²



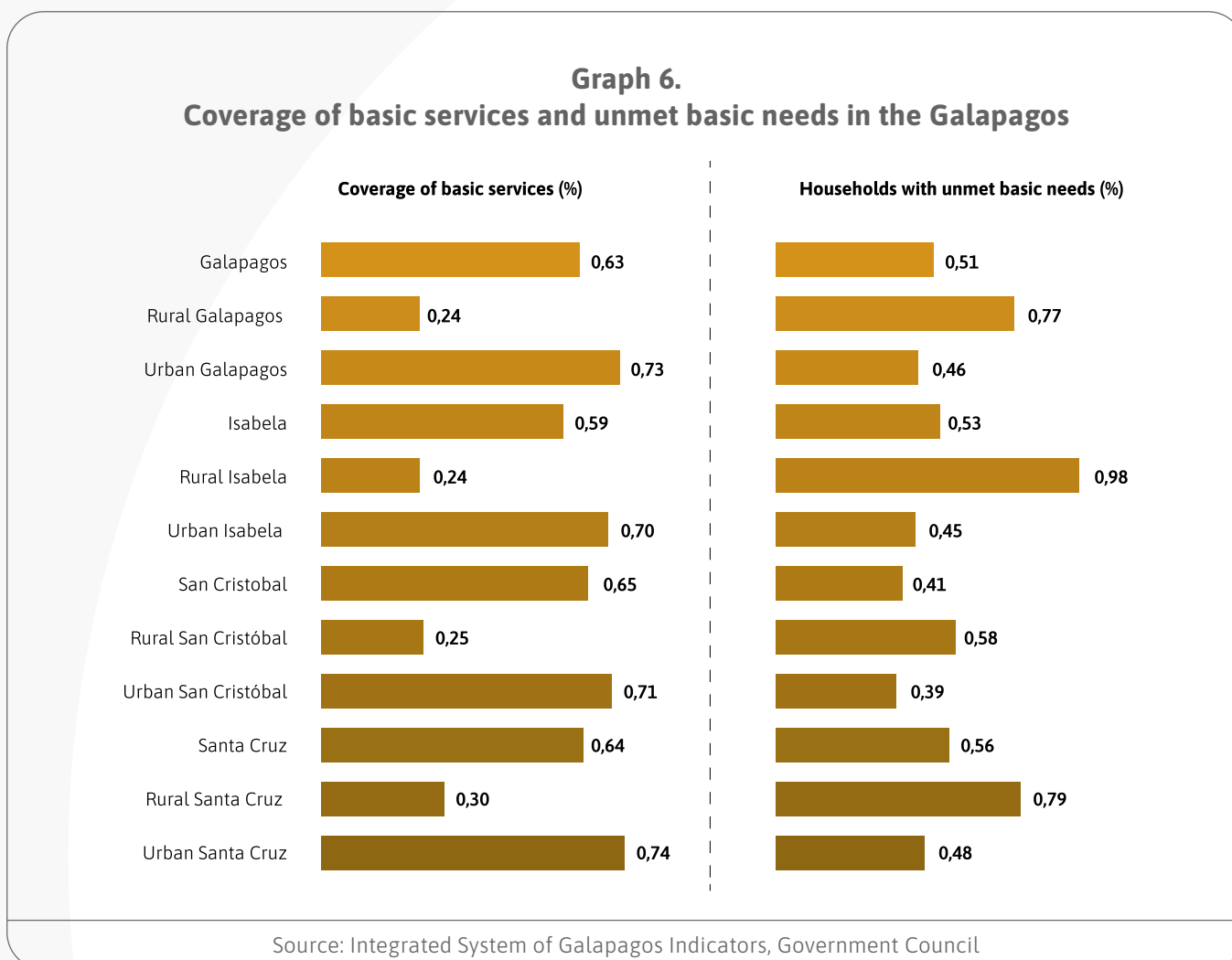
Source: Statistical Registry of Companies, INEC

12. The official category is called "plants used to prepare beverages."



Those who arrive on the islands to work irregularly tend to settle in areas with limited access to basic services. On Santa Cruz Island, for example, 79% of households in rural areas had unmet basic needs compared to 48% in urban areas (Graph 6). Basic needs include

water supply, electricity, sanitation systems for waste disposal, and garbage disposal systems. Poor wastewater treatment is precisely one of the main sources of water pollution in Santa Cruz, according to studies by Mateus et al. (2019) and Ragazzi et al. (2016).



Ultimately, coffee cultivation is and has been an important economic activity in the Galapagos. However, the policy of restricting the entry of roasted and ground coffee is questionable not only because it has been inefficient, but also because it ends up being contradictory to the objectives of controlling population growth and protecting the environment.

This policy creates an artificial demand for labor and resources such as water.

Investment restrictions

In 2008, through Resolution No. 04-CI-21-I-2008, the Council of the National Galapagos Institute (Consejo del Instituto Nacional Galápagos, INGALA)¹³ established restrictions for extra-regional investments in the archipelago.

Thus, investments in the formation of companies and businesses and the acquisition of real estate in the province of Galapagos were prohibited for persons who did not qualify as permanent residents. Extra-regional business participation is only permitted if its proportion in the share capital is not greater than 49%. That is, all investment requires a local participation from a permanent resident of at least 51%.

Resolution No. 04-CI-21-I-2008 indicated that it would remain in force until proper investment regulations for Galapagos are

Additionally, the arrival of agricultural workers to localities with poor coverage of basic services (especially sanitary services) ends up contributing to the contamination of water sources. As a result, it creates pressure on the ecosystem that would not exist if this measure had not been applied, which, in the end, only creates monopolies from which a few benefits.

approved. Fifteen years later, the regulations have not been approved, so the investment restrictions remain in place.

This policy represents a clear barrier to increasing investment in the islands and, consequently, to growth in productivity and the quality of life of its inhabitants. Moreover this policy blocks external knowledge and capital that could contribute innovative solutions for the island ecosystem.

It is absurd to restrict immigration while simultaneously restricting capital within a political jurisdiction. This goes directly against what the CAK predicts regarding environmental improvements. Limiting capital growth while the population increases keeps the local economy in a state of underdevelopment, fostering the overexploitation of natural resources.

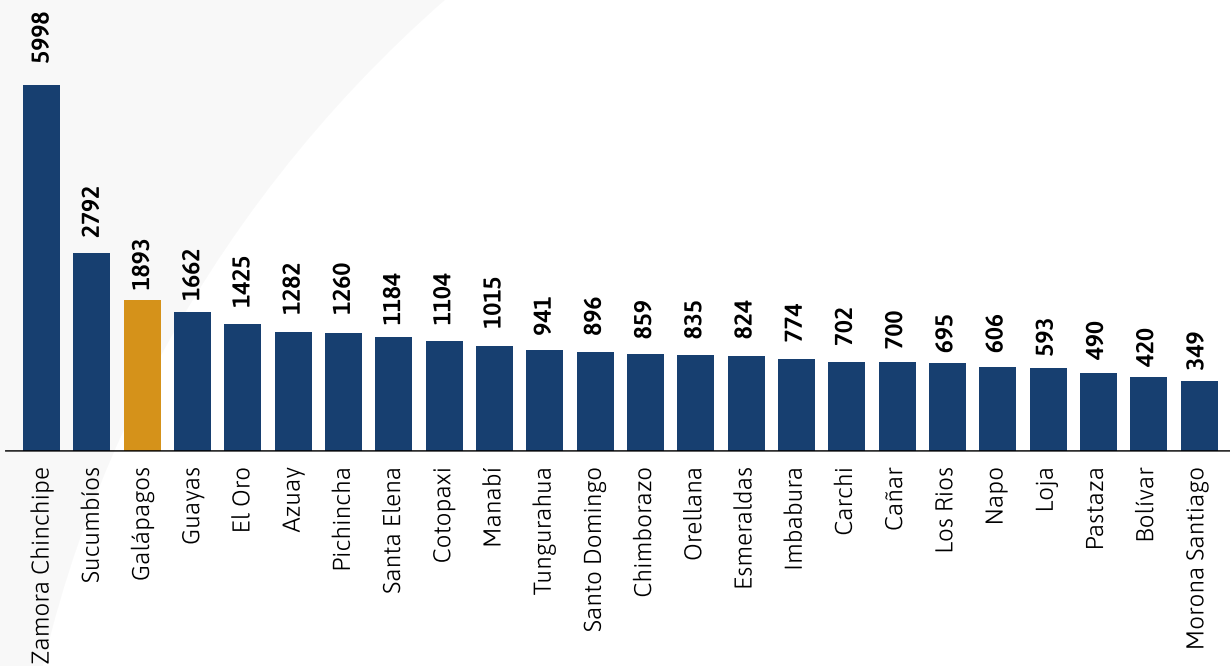
13. INGALA preceded the Governing Council.

Subsidies and energy consumption in the Galapagos

According to the Galapagos 2030 Strategic Plan, the people of Galapagos cover only ¼ of the costs of generating and distributing the electricity they use. Given the high subsidies, it should not be surprising that energy consumption per inhabitant in Galapagos is high compared to the rest of the provinces of Ecuador.

Indeed, in 2022 the archipelago was ranked third in per capita energy consumption, only surpassed by Zamora Chinchipe and Sucumbíos, provinces that concentrate the country’s mining and oil activities, which by their nature consume high levels of energy, while the Galapagos depends on tourism (Graph 7).

Graph 7.
Energy consumption per capita by province, 2022



Source: Annual and multi annual statistics of the Ecuadorian electricity sector 2022

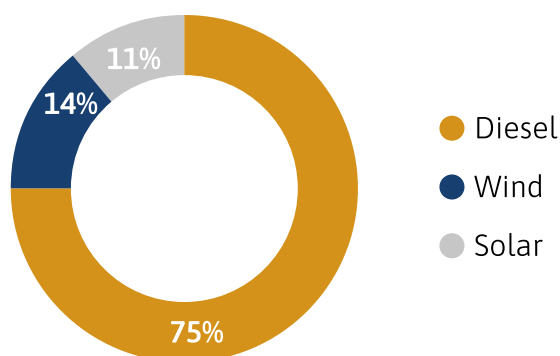
These figures are worrying considering that, as has been said, most of the energy consumed comes from diesel. As shown in Graph 8, 75% of the total energy generated is obtained

from diesel, 14% from wind sources and the remaining 11% from solar photovoltaic energy (MEM, 2023).

The dependence on diesel makes electricity generation in the Galapagos unfriendly to the environment. Moreover, considering that the overall diesel consumption on the islands has maintained an increasing trend, as illustrated in

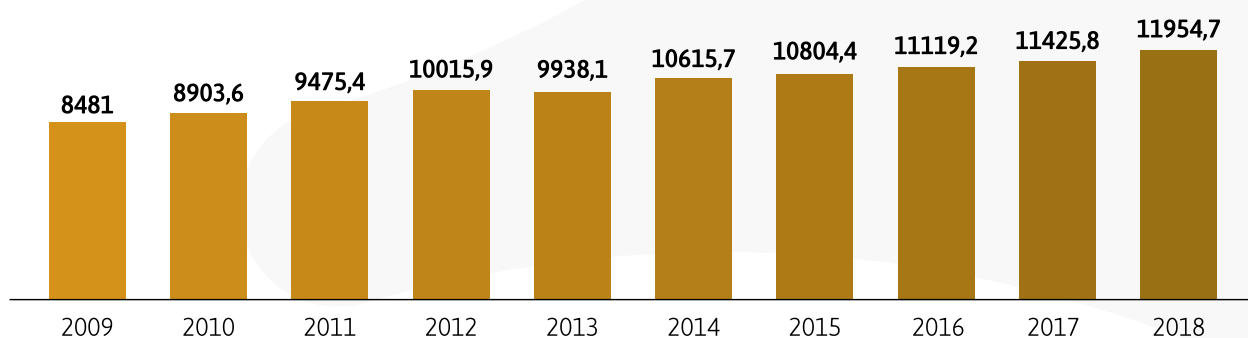
Graph 9. Between 2009 and 2018, total diesel consumption in the archipelago grew at a rate of nearly 4% per year; that is, at a pace faster than the population growth rate.¹⁴

Graph 8. Sources of electricity generation in the Galapagos



Source: Plan de Transición Energética de las Islas Galápagos, Ministerio de Energía y Minas (2023)

Graph 9. Total diesel consumption in Galapagos



Source: Cifras del sector petrolero, Banco Central del Ecuador

14. According to the Plan de Transición Energética de las Islas Galápagos (Energy Transition Plan for the Galapagos Islands), shipping activity accounted for 57.7% of total diesel consumption. Within this category, the largest consumer is tourist shipping, with 53.3% of the total. In other words, the tourism business in Galapagos and its clients currently benefit from the diesel subsidy, which encourages demand (Ministerio de Energía y Minas, 2023).

Another highly subsidized source of energy is liquefied petroleum gas, which is used for cooking. The state assumes a large part of the price of this fuel, in addition to the cost of logistics from the bottling site to each of the gas collection centers on each island. Petroecuador has a contract with Transnave¹⁵ to carry out all the logistics from the gas bottling plant in El Chorillo – Guayas, to the gas collection sites that Petroecuador has on each island (San Cristobal, Santa Cruz, and Isabela).

Transnave transports the gas by land from the bottling plant to PuertoGal. Each container stores 411 cylinders. Transnave has hired a transporter who takes the cylinders out of the container and takes them to Petroecuador warehouses on each island. Users go to these locations and purchase their cylinder and pay the corresponding price for the type of gas they require: \$1.60 for domestic use and \$13.99 for industrial use - the same prices as would be paid on the mainland.

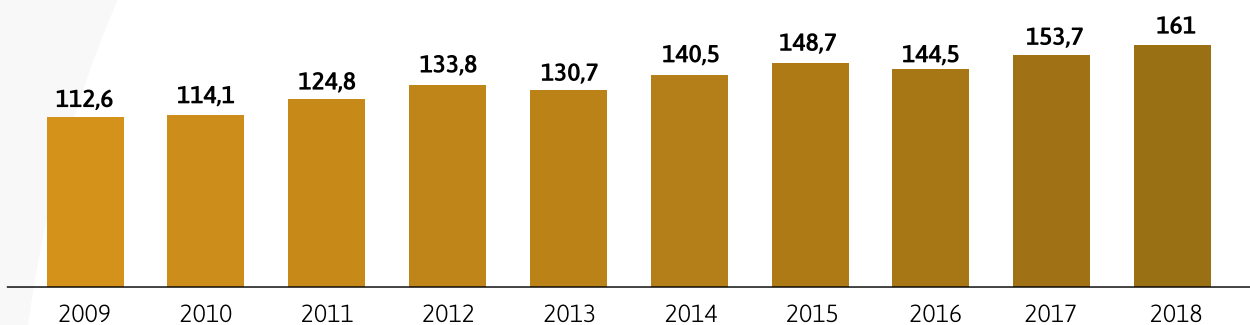
Fuels and pollution

As can be seen in Graph 10, greenhouse gas (GHG) emissions have been on an upward trend in the Galapagos in recent years, in line with the increase in diesel consumption. Diesel has accounted for around 75% of polluting emissions in Galapagos (Graph 11).

Although the fuel subsidy policy is applied at a national level, it goes against the conservation objectives in Galapagos. Therefore,

alternatives to the electricity and fuel subsidy policy in Galapagos must be considered. Only in this way the true cost of living in a special ecosystem like the Galapagos can be brought into alignment, and efficient energy consumption be encouraged. In addition, public resources currently used for subsidies could be allocated to renewable energy generation projects and/or to improve the infrastructure necessary to supply the islands.

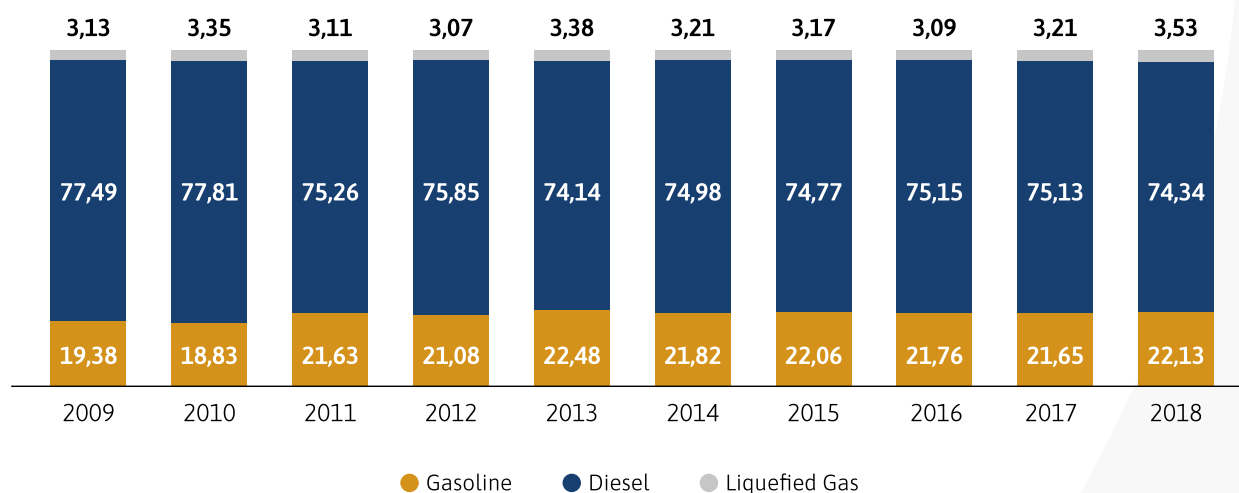
Graph 10.
GHG emissions in the Galapagos (tons of CO2 equivalent)



Source: Balance Energético Galápagos 2018

15. Petroecuador and Transnave are public companies of the Ecuadorian State, so their operating costs are assumed by the State.

Graph 11.
Sources of GHG emissions in Galapagos (% of total)



Source: Balance Energético Galápagos 2018

Supply logistics system in the Galapagos

The logistics of supplying the Galapagos is deficient, which is evident in the constant shortage of products. This is a case where the inability to reach agreements, deficiencies in management, vested interests, and interventionism, end up directly affecting the well-being of its population. This problem already has a detailed diagnosis prepared by CAF/OIM (2021a) - which is not known to the local population - and even a roadmap to implement improvements in the logistics supply system of the Galapagos.

Apart from the diagnosis of a lack of infrastructure and operational inefficiencies, the disincentive to investment due to the lack of protections for universal private property

and excessive regulations have prevented the Galapagos from modernizing its supply system. This results in higher prices and the perennial shortage of certain products. In the 21st century, the archipelago cannot satisfy the demand of its population and that of tourists due to a logistics system that limits competition and innovation.

In July 2024, the Spanish newspaper El País published a report describing “the challenge of eating in the Galapagos”.¹⁶ Most of the food consumed on the islands comes from mainland Ecuador, primarily by sea. However, the intricate process of sourcing from the mainland means that food prices in the Galapagos end up being much higher.¹⁷

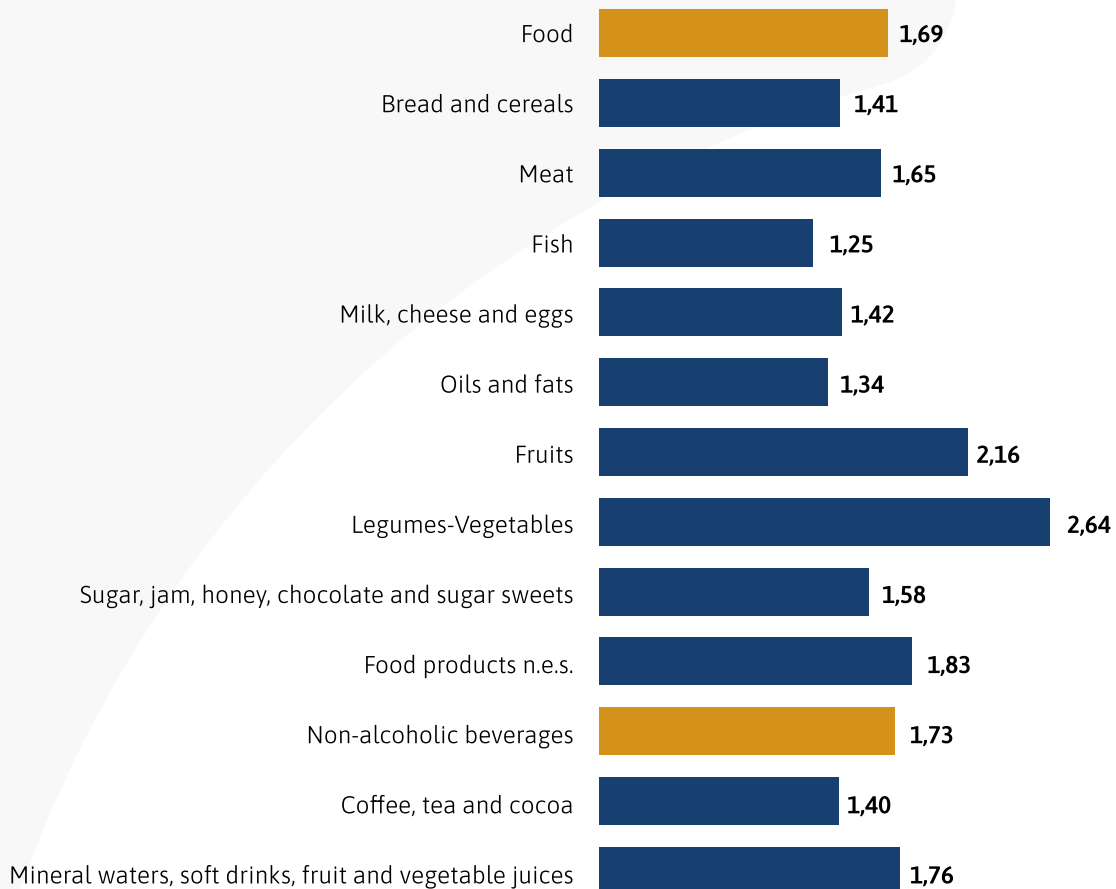
16. <https://elpais.com/america-futura/2024-07-14/el-reto-de-comer-en-galapagos-cuando-la-seguridad-alimentaria-depende-del-continente.html>

17. As an example, one of the people interviewed in the news article explains how she buys a quintal of potatoes for \$25 on the continent, but ends up paying almost double for the product to reach his hands.

According to the Special Consumer Price Index for Galapagos (IPCEG, by its acronym in Spanish), calculated by the INEC in 2016, food in the archipelago is 69% more expensive than the national average, while non-alcoholic

beverages are 73% more expensive (Graph 12). Among the products with the greatest price differential, we can highlight fruits and vegetables, whose price is more than double.

Graph 12.
IPCEG by type of products



Source: Special Consumer Price Index for Galapagos, INEC

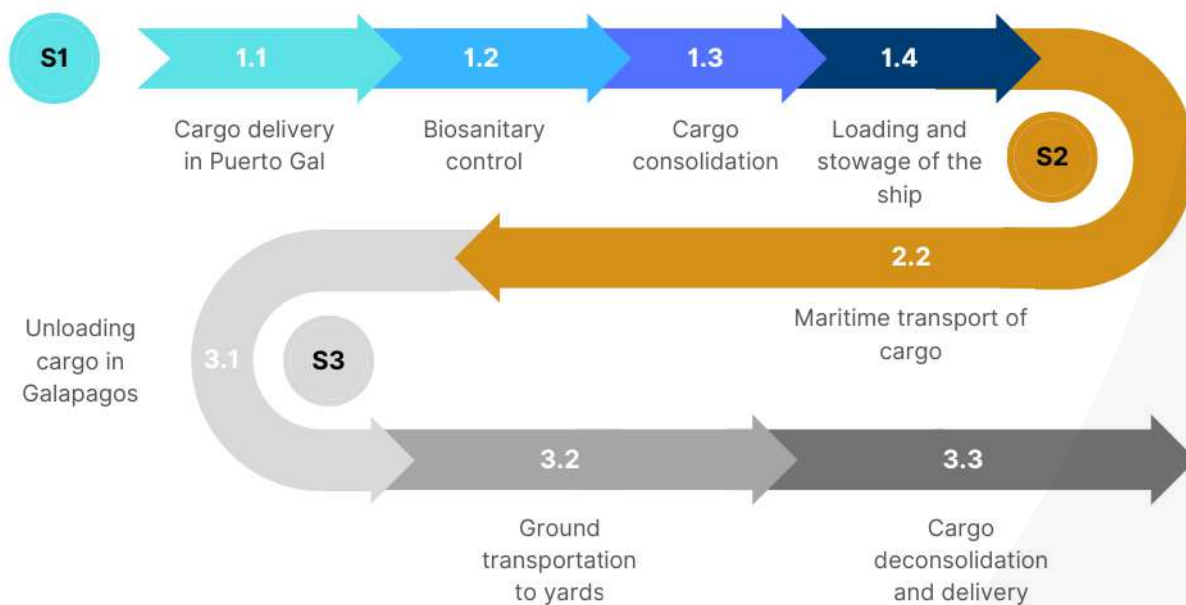
Part of this cost difference is explained by the need to transport goods 1000 km, but the inefficiencies in the supply logistics process make the costs even higher than necessary and cause the availability of products to be irregular.

The Galápagos supply logistics system consists of three stages:

1. Boarding in Guayaquil
2. Maritime transport
3. Disembarkation in Galápagos

Illustration 10 displays the different links that make up each of these stages. Critical points and deficiencies are evident in most of the links.

Illustration 10.
Links in the Galapagos supply system



Stage 1: Boarding in Guayaquil

As shown in Illustration 10, the boarding stage in Guayaquil (S1) consists of four main links: First, the cargo must be delivered to PuertoGal, a port in Guayaquil owned by the Government Council. Then, the bio sanitary control is carried out by the Biosecurity and Quarantine Agency (ABG). Subsequently, the cargo consolidation is carried out by the Port Cargo Operator (Operador Portuario de Carga, OPC). Finally, the OPC performs the loading and stowing of the ship.

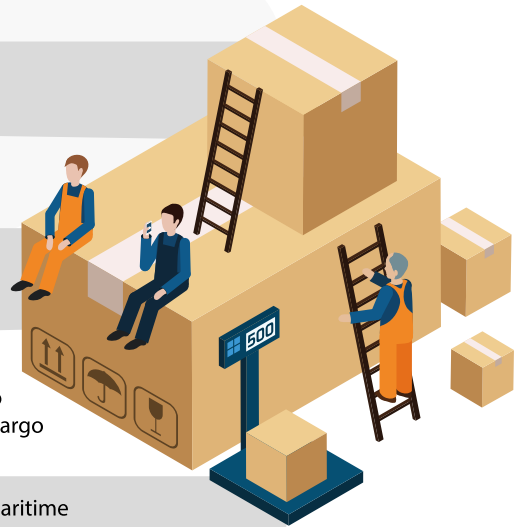
Within this stage, several deficiencies are present. There is no standardization or clear rules regarding the reception and handling of the cargo. The infrastructure is outdated and

inadequate. And the operations are carried out in a disorganized and opaque manner.

In this process, an unauthorized actor is also identified, who, however, is key: the shipper. The figure of the shipper emerges as an additional service within the boarding stage in Guayaquil since the owners of the goods reside in Galápagos and due to the lack of clear rules and transparency. According to the description in the CAF/OIM report (2021a), of the activities within the cargo reception process, the shipper can be involved from the purchase of the products to the processing of the Cargo Guide with the shipowner and the Packing List with the OPC (Illustration 11).

Illustration 11. Activities within the cargo reception process

- 1** Users place their cargo orders with merchandise suppliers (producers, shops, factories, etc.) located on the mainland, either through the internet or by direct contact with the suppliers.
- 2** The product owner, supplier, or shipper organizes the land transport to PuertoGal, using their own trucks or hiring a carrier.
- 3** Suppliers on behalf of the user deliver the cargo to the shippers.
- 4** The shipper accepts the cargo.
- 5** The shipper processes the Bill of Lading or Dispatch Note with the shipowner. This document records the cargo that the shippers certify they are delivering.
- 6** The shipper processes the Packing List with the OPC. This document includes the shipper, the recipient, the cargo classification, the cargo inventory and the container in which it is located. The items on the cargo guide are checked and reflected in the Packing List.
- 7** The shipper prepares the invoice, including the cost related to the maritime transport of the shipment.



Source: CAF/OIM (2021a)

Furthermore, for those users who are not large enough to have a permanent quota assured on the ships, the figure of the shipper is key to unblocking the processes and ensuring that the merchandise is shipped. Thus, this actor emerges as a “solution” to the inefficiencies

of the process, but its service entails higher costs, arbitrariness and opacity since it lacks legal regulation and therefore rights and obligations.

The freight rate

The cost of maritime cargo transport between the Galapagos and the continent is established through a tariff schedule which is determined by the type of product (Table 1). In other words, households, merchants, and producers in the Galapagos do not pay freight charges based on the weight and/or volume of the goods, but rather on the type of product.

The international practice charges a price per container according to a pre-established formula called FEU, which stands for “Foot Equivalent Unit”. The FEU is a standardized calculation that establishes a relationship between cubic meters or container weight and allows the cargo to be treated uniformly instead of per unit, as is still done in the case of the Galapagos.

The current tariff system in Galapagos not only contradicts practices applied worldwide but also triggers a series of distortions in cargo transportation. This is particularly evident in essential basic goods (food), whose prices end up being lower than those of other product categories. As a result, it creates a disincentive to transport essential goods to the islands.

For example, based on the tariff (Chapter I), \$0.04 is charged per kilogram of essential basic goods transported on Route 2 in sacks, boxes, cartons, or crates; this means \$40 will be charged for the equivalent of one ton.¹⁸

Transporting a ton of cement, on the other hand, would cost \$64.68 (Chapter IV). This rate would be higher than transporting a ton of essential goods, even though the weight is the same.

In this way, the current tariff system results in higher profits for shipowners when transporting a ton of cement compared to a ton of basic essential goods. Therefore, there is a clear incentive to prioritize transporting sacks of cement to the islands over essential basic goods.¹⁹

This could explain why essential products tend to have shortage problems, while bags of cement are among the most transported products. According to the CAF/OIM report (2021a), cement represents 26% of the cargo transported to the Galapagos, the same proportion as perishable foods. This bias in favor of this type of product over food was evident in the conversations held with the inhabitants of the islands. In the words of a trader from Santa Cruz: “We do not eat cement”.

18. Applying the rate per quintal for Route 2, a ton would still be approximately \$40.

19. Something similar happens with beer bags.

Table 1.
Tariff for freight between Galapagos and the mainland

Chapter I: Basic vital products	Route 1 USD	Route 2 USD	Route 3 USD
Rice, sugar, flour, vegetables, legumes, fruits, oils, butter, liquid milk and powdered milk, various preserves, coffee and others that are within this category.			
Per quintal (bag, box, cardboard)	1.47	1.77	1.95
Bags, boxes, cartons, crates will pay (per kilogram)	0.03	0.04	0.04
Fish or coffee bales	2.95	3.68	4.02
Refrigerated products			
For each pound	0.18	0.19	0.21
For each cubic meter	76.37	91.05	210.02
Eggs			
For each bale, 10 buckets of 30 units	0.76	0.81	0.89
Chapter IV: Construction materials			
Cement, plaster, lime and sand			
Per ton	58.95	64.68	71.48
Per quintal	2.95	3.23	3.56
Per pound	0.07	0.08	0.1

Source: Undersecretary of Ports and Maritime and Fluvial Transport

Stage 2: Maritime transport

The second stage of the process corresponds to the maritime transport of the cargo, carried out by the ship owners who have the respective licenses.

The number of shipowners and vessels has fluctuated over the years. According to information from the Undersecretary of

Ports and Maritime and Fluvial Transport (Subsecretaría de Puertos y Transporte Marítimo y Fluvial, SPTMF), as of May 2024 the shipowners and vessels authorized to operate with routes, schedules and itineraries within the Galapagos Islands are the following:

Table 2.
Maritime cargo operators (ship owners) in Galapagos

Vessel	Shipowner	Load capacity (TM)	TEU's	Route	Cargo service
Fusion 2	Pacific Cargo Line PCL C.A.	3500	292 loaded - 373 empty	Guayaquil – San Cristóbal – Santa Cruz – Guayaquil	Containerized cargo
RS Pioneer	Pacific Cargo Line PCL C.A.	3500	270 loaded - 364 empty		Containerized cargo
Vertom Thea	Transnave	2800	220 loaded - 260 empty		Containerized cargo
Paola	Galapagueña Corp S.A.	620	-	Guayaquil - Isabela - Floreana	Palletized cargo
Isabela	Onuscargo S.A.	385	-	Guayaquil - Isabela - Floreana - Guayaquil	Palletized cargo

Source: Undersecretary of Ports and Maritime and Fluvial Transport

As can be seen in Table 2, there are three routes for cargo transportation between Guayaquil and the Galapagos: Route 1, Guayaquil – San Cristóbal. Route 2, Guayaquil – Santa Cruz. Route 3, Guayaquil – Isabela – Floreana.

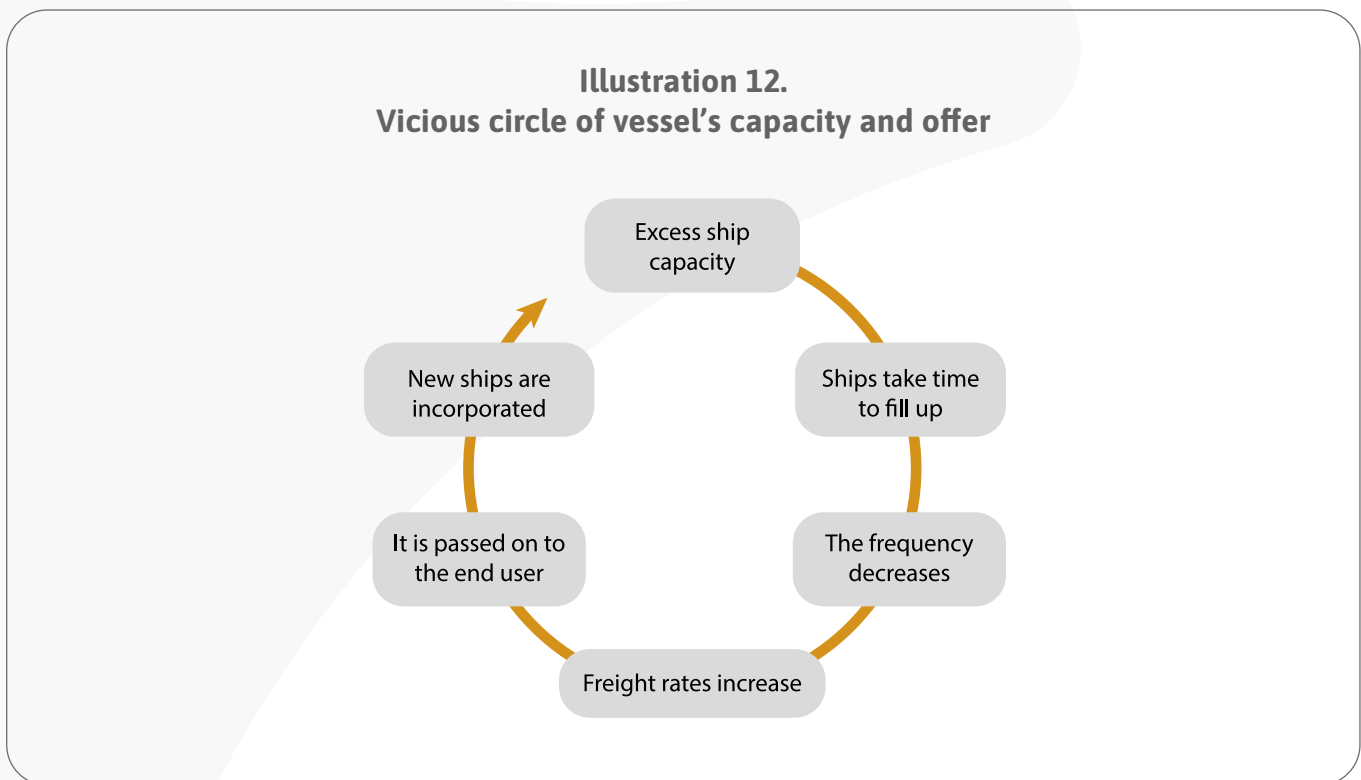
At this stage, it is important to highlight that there are no regular schedules, which reveals

a permanent non-compliance with the terms of service. Although shipowners are required to provide regular service, the ships currently wait until they reach a minimum load to ensure profitability before departing, resulting in increasingly limited travel frequencies (CAF/OIM, 2021a).

The proposed solution to the shortage is the addition of new vessels. However, this would only exacerbate the problem. According to the CAF/OIM report (2021a), a few years ago the system was operating at 24% of its potential capacity. Adding new vessels would imply an excess of capacity that would cause

ships to take longer to reach the minimum profitable occupancy percentage to set sail, further reducing frequencies and increasing costs (CAF/OIM, 2021a).²⁰

An illustration of this problem from the CAF/OIM report (2021a) is presented below:



It is worth noting that ships take longer to fill due to logistical deficiencies at PuertoGal and because shippers “ration” the cargo. Shipowners delay departures to ensure freight

revenue that covers costs plus a profit, which to some extent depends on the shippers. The process is inefficient due to the lack of clear incentives and international procedures.

20. In another report by CAF/OIM (2021b) analyzing alternatives, the consolidation of routes into a single one is proposed, with a main segment between Guayaquil and a port in Galápagos served by a single vessel. This port would also serve as a distribution hub for the other islands through inter-island transportation.

Stage 3: Disembarkation in Galapagos

Unloading containers full of products on the islands is a long, dangerous and costly process. As already seen, the destinations of the maritime route can be: San Cristobal, Santa Cruz, Isabela, and Floreana. The focus of our analysis will be Santa Cruz, the island with the largest number of resident population and main tourist destination, which, according to figures from the SPTMF, accounts for an average 60% of the cargo transported to the archipelago.

Due to the lack of adequate port infrastructure to dock and unload container ships, vessels unloading in Santa Cruz anchor in the Itabaca Channel (the strait between Baltra Island and Santa Cruz). The unloading is carried out using barges in a process that takes several days.

The process unfolds as follows: once the ship arrives at the Itabaca Channel, a barge departs carrying two trucks on its deck, heading toward the ship (Illustration 13). Upon reaching the ship, using its crane, two containers are placed on the platforms of each truck in a maneuver that involves high risks and is inefficient (Illustration 14). Finally, the barge returns to shore so the trucks can enter the Santa Cruz dock via the access ramp, located right next to where passengers arriving from Baltra Airport disembark on this island (Illustration 15).

Illustration 13.
The barge approaching the ship

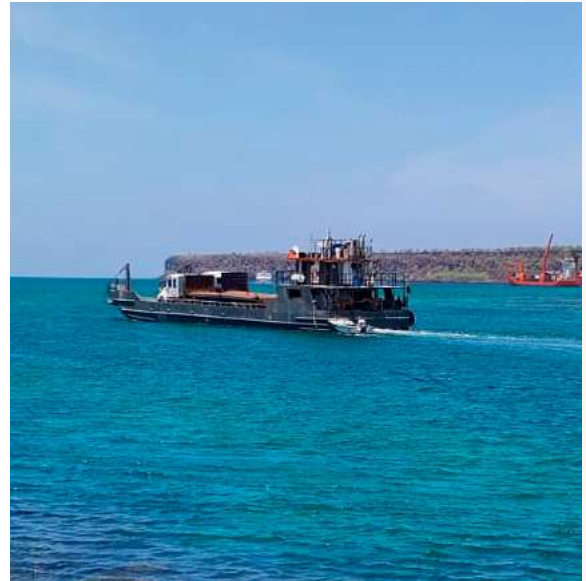


Illustration 14.
Transfer of containers from the ship to the barge



Illustration 15.
Unloading of trucks with containers
from the barge



The described process is not only risky but also incurs higher costs. Port operators take several days to unload all the containers. During this time, the ship remains “idle,” which represents costs for the shipowner, which are transferred to the owners of the goods.

To complete the supply chain of goods on the islands, the containers are transported by trucks from the dock to the container yard, covering a distance of 39.7 km, which can take up to an hour. In addition, there is a lack of optimal infrastructure, as there is only a dirt area with no facilities for unloading, inspecting, or storing the cargo (Illustration 15).

Furthermore, there are no refrigerated chambers to maintain the cold chain. These deficiencies require the containers to be left outdoors, which does not guarantee proper preservation of the products. On top of that, the lack of an established distribution system increases delivery times and raises cargo handling, which may affect product quality.

Illustration 16.
Container yard in Santa Cruz





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Annex 1: Codification of Norms in Galapagos

A. CONSTITUTION AND INTERNATIONAL NORMATIVE INSTRUMENTS

1. [Constitution of Ecuador](#)
2. [United Nations Convention on Biological Diversity](#)
3. [Cites Convention](#)
4. [RAMSAR Convention](#)
5. [United Nations Convention on the Law of the Sea \(CONVEMAR\)](#)
6. [Convention concerning the Protection of the World Cultural and Natural Heritage](#)
7. [Protocol for the Conservation and Management of Protected Marine and Coastal Areas of the South-East Pacific](#)
8. [Inter-American Convention for the Protection and Conservation of Sea Turtles](#)
9. [International Convention for the Prevention of Pollution from Ships](#)

B. LAWS

1. [Special Law for the province of Galapagos \(LOREG\)](#)
2. [Organic Code for Planning and Public Finance](#)
3. [Organic Code for Territorial Organization, Autonomy and Decentralization \(COOTAD\)](#)
4. [Organic Law on Land Use and Management](#)

C. DECREES AND REGULATIONS

1. [Special Regulation of Tourism in Protected Natural Areas](#)
2. [Regulation to Organic Law of Special Regime from the province of Galapagos](#)

D. ORDINANCES

Ordinances of the Governing Council of the Special Regime of Galapagos

1. [Regulations for the entry and control of vehicles and machinery to the province of Galapagos \(codified\) 2016](#)
2. [Regulations for migration and residence in the special regime of the province of Galapagos. 2017](#)
3. [Ordinance on production and demand to determine the restriction of the entry of yogurt from continental Ecuador to the Galapagos. 2018.](#)
4. [Ordinance for the prevention and eradication of violence in the province of Galapagos.](#)

2021.

5. Ordinance regulating the procedure for changing the cadastral address of tourist accommodation establishments in the province of Galapagos. 2022.

Ordinances of the Decentralized Autonomous Government of the Canton of Isabela

6. Environmental Protection in the Canton of Isabela 2010
7. Tourist Protection 2011
8. Collection of Municipal License and Patent Tax in the Canton of Isabela 2011
9. Rent Ordinance 2012
10. Use of the Beaches of Puerto Villamil 2012
11. Environmental Management in the Canton of Isabela 2014
12. Procedure for granting enabling titles and rates for land transportation Isabela 2018
13. Regulation for the public service and operation of the drinking water system and its tariff structure in the Isabela canton 2018
14. Regulation for the use of public spaces in the Isabela canton regarding the use and consumption of narcotic, psychotropic substances and alcoholic beverages 2020
15. Responsible management of urban fauna 2020
16. Rate for granting or renewing the Annual Single License for Operation for tourist activities in the Isabela canton 2021

Ordinances of the Decentralized Autonomous Government of the canton of San Cristóbal

17. Ordinance regulating commercial activities and the decoration of José de Villamil Street, 2003.
18. Ordinance establishing the rate for annual operating permits for non-tourist establishments. 2004.
19. Administrative ordinance establishing and regulating the physical space to be occupied by natural or legal persons in the Canton of San Cristobal. 2006.
20. Ordinance regulating the horizontal property regime in the Canton of San Cristobal. 2010.
21. Ordinance incorporating the regulations for the elimination of urban and architectural barriers for the accessibility of people with disabilities and reduced mobility in the Canton of San Cristobal. 2011.
22. Ordinance replacing the collection through coercive action of tax and non-tax credits owed to the decentralized autonomous municipal government of the Canton of San Cristobal. 2011.
23. Ordinance for the promotion of culture, art, sports and recreation in the Canton of San Cristobal. 2016.
24. Substitute ordinance for the prevention and control of environmental pollution caused by noise emissions in the Canton of San Cristóbal. 2018.
25. Substitute ordinance for the organization of the equality system and comprehensive

[protection of rights in the Canton of San Cristóbal. 2018.](#)

26. [Ordinance to prevent and eradicate violence against women in the Canton of San Cristóbal. 2020.](#)
27. [Ordinance regulating the consumption of alcoholic beverages in public spaces in the San Cristóbal canton. 2020.](#)
28. [Ordinance for the responsible management of urban fauna in the Canton of San Cristobal 2021.](#)
29. [Ordinance to preserve, maintain and disseminate the architectural and cultural heritage in the Canton of San Cristóbal. 2021](#)
30. [Ordinance regulating the comprehensive management of solid waste in the Canton of San Cristóbal. 2022](#)

Ordinances of the Decentralized Autonomous Government of the Canton of Santa Cruz

31. [Ordinance on visual advertising and audio propaganda. 2007](#)
32. [Ordinance regulating the legalization process of real estate that is no longer useful and/or vacant, located in the urban area, parish centers; and, populated centers of the Canton of Santa Cruz. 2011.](#)
33. [Ordinance regulating the citizen participation system of the Canton of Santa Cruz. 2011.](#)
34. [Ordinance setting the rates for the management of waste and solid waste in the Canton of Santa Cruz. 2011.](#)
35. [Ordinance regulating the implementation of fixed antenna support structures and their related infrastructure for the advanced mobile service \(SMA\), in the Canton of Santa Cruz. 2012](#)
36. [Ordinance regulating the use and administration of tourist docks in the Canton of Santa Cruz. 2012.](#)
37. [Ordinance for the responsible management of urban fauna in the Canton of Santa Cruz. 2017.](#)
38. [Substitute ordinance that establishes and regulates the operation of the comprehensive system for the protection of rights and implementation of the equality plan of Santa Cruz. 2017.](#)
39. [Ordinance that regulates the administrative regime for the exercise of sanctioning power in the Canton of Santa Cruz. 2020.](#)
40. [Ordinance for the prevention and eradication of violence against women, girls, adolescents, young people, adults and older adults in all their diversity, in the Canton of Santa Cruz. 2020.](#)
41. [Substitute ordinance that prevents, regulates and controls the use and consumption of substances classified as subject to control, alcoholic beverages and other substances harmful to health and development in public spaces in the Canton of Santa Cruz. 2020.](#)
42. [Substitute ordinance for the protection of the rights of people with disabilities in the](#)

Canton of Santa Cruz, Galapagos Province. 2020

43. Substitute ordinance for the implementation and regulation of the comprehensive rights protection system of the Canton of Santa Cruz. 2020.
44. Ordinance regulating the determination, administration and collection of the rate for the comprehensive management of waste and solid waste in the Canton of Santa Cruz. 2020.
45. Ordinance regulating the administration, operation and occupation of the municipal market "Puerto Ayora". 2021.
46. Substitute ordinance for the control of environmental pollution caused by noise emissions from fixed and mobile sources in urban areas of the Canton of Santa Cruz. 2021.
47. Ordinance regulating the use and occupation of public space in the Canton of Santa Cruz. 2021.
48. Ordinance regulating and guaranteeing the rights of older adults and good living in the Canton of Santa Cruz. 2022.
49. Substitute ordinance regulating the operation and administration of the free market of the Canton of Santa Cruz. 2022.
50. Ordinance regulating the formation of the cadastre, its valuation and determination of taxes on urban and rural properties of the decentralized autonomous municipal government of Santa Cruz for the period 2024-2025.

E. ACCORDS AND RESOLUTIONS

Resolutions of the Governing Council of the Special Regime of Galapagos

1. Resolution No. 018-CGREG-2012 / Instruction establishing the procedure for authorizing the construction of new tourist infrastructure for accommodation in the province of Galapagos. 2012.
2. Resolution No. 021-CGREG-29-VIII-2014 / Lifts moratorium on new prioritized tourism infrastructure and administrative processes.
3. Resolution No. 038-CGREG-19-XI-2014 / Promote responsible consumption of plastics.
4. Resolution No. 040-CGREG-10-XII-2014 / Approve the maximum number of rooms and places in tourist accommodation in Galapagos.
5. Resolution No. 027-CGREG-03-IX-2015 / Fee for entry and conservation of protected natural areas.
6. Resolution No. 038-CGREG-28-XII-2018 / Prohibition of use of fireworks.
7. Resolution No. 04-CGREG-14-01-2020 / Prohibition of entry and use of carnival foam.
8. Resolution No. 059-CGREG-02-09-2021 / Norm that regulates the procedure for issuing the island operating permit to vessels that carry out maritime cargo transportation from continental Ecuador to the province of Galapagos and vice versa.
9. Resolution No. CGREG-ST-2021-0417-R / Exercise of coercive jurisdiction of the Governing Council of the Special Regime of the province of Galapagos.
10. Resolution No. 004-CGREG-13-02-2023 / Response procedure to maritime incidents under

[the SCI protocol within the province of Galapagos.](#)

11. [Resolution No. 014-CGREG-24-03-2023 / Regulations containing the procedure for the operating permit as a cargo port operator for the Galapagos.](#)
12. [Resolution No. 001-CGREG-24-02-2024 / Restriction on the entry of roasted and ground coffee into the province of Galapagos.](#)
13. [Resolution No. 002-CGREG-24-02-2024 / Approval of the update of the income rate for the conservation of protected natural areas.](#)

Accords and Resolutions by the Ministry of Environment, Water and Ecological Transition
(Includes Resolutions from the Agency for Regulation and Control of Biosecurity and Quarantine for Galapagos)

14. [Administrative Statute of the Galapagos National Park. 2007.](#)
15. [Regulations for fishing activities in the Galapagos marine reserve. 2008.](#)
16. [Agreement establishing the procedure for the DPNG to grant authorizations for tourist operations of the Daily Diving Tour and Bay Tour modalities in the Galapagos Marine Reserve. 2013.](#)
17. [Instructivo de control de insumos agropecuarios pAgricultural input control instructions for Galapagos. 2019.ara Galápagos. 2019.](#)
18. [Instructions for the application of extended responsibility in the comprehensive management of used lubricating oils and empty containers. 2019.](#)
19. [Norms for the use of environmental services generated by ecosystems and their biodiversity within private properties “tourist ranches” in the Galapagos Province. 2019.](#)
20. [Protocol for processing land use applications in areas of the Galapagos National Park 2019.](#)
21. [Galapagos Avian Influenza Contingency Plan 2022.](#)
22. [Regulation of vessels operating in the Galapagos marine reserve 2023.](#)

Accords and Resolutions by the Ministry of Tourism

23. [Tourist Accommodation Regulations for the Special Regime of the province of Galapagos. 2015.](#)
24. [Maritime Tourist Guidance Regulations for the special regime of the Galapagos province. 2016.](#)
25. [Regulations for Maritime Tourist Transport Vessels for the Special Regime of the Galapagos Province. 2019.](#)
26. [Tourism regulations for food and beverage services for the province of Galapagos. 2021.](#)
Resolutions by the Directorate of the Galapagos National Park
27. [Rules for visiting the Galapagos National Park. 2018.](#)
28. [Technical criteria for maritime transport of marketable waste from the Galapagos to mainland Ecuador. 2019.](#)

29. [Rules and conditions for managing diving activities in protected areas in Galapagos 2019.](#)
30. [Protocol for processing land use applications in the Galapagos. 2019.](#)
31. [Rules for the fishery of pelagic fish, demersal fish and mollusks in the Galapagos. 2019.](#)
32. [Regulations for the use and operation of remotely piloted aircraft systems. 2019.](#)
33. [Environmental standards for the entry of vessels into the Galapagos marine reserve. 2019.](#)
34. [Comprehensive reform of the rules for managing fishing tourism activities complementary to experiential fishing tours in the protected areas of the Galapagos. 2021.](#)
35. [General guidelines for artisanal fishing activity through the live bait fishing system in the Galapagos marine reserve. 2021.](#)
36. [Management guidelines for a network of terrestrial and marine visitor sites in the protected areas of the Galapagos. 2022.](#)
37. [Galapagos National Park Volunteer Program Regulations. 2023.](#)
38. [Procedure for the authorization and management of non-commercial fishing for residents of the Galapagos. 2023.](#)
39. [Regulations on the coercive power of the Galapagos National Park. 2023.](#)
40. [Licenses for artisanal fishermen in the Galapagos Marine Reserve. 2023.](#)

Other Resolutions

41. [GENERAL DIRECTORATE OF THE MERCHANT MARINE AND THE COAST. - Provisions for the](#)
42. [MINISTRY OF TRANSPORT AND PUBLIC WORKS. - Regulations for the provision of public service of maritime passenger transport between populated ports of the Province of Galapagos. 2018.](#)
43. [MINISTRY OF LABOR. - Regulation governing special employment relationships in the tourism sector in the Galapagos, which operates in the form of a navigable cruise ship. 2018](#)
44. [MINISTRY OF ECONOMIC AND SOCIAL INCLUSION. - Human development bonus transfer for Galapagos users. 2023.](#)

NORMS OF INTEREST

Below is a list of the most important regulations according to the subject matter, which must be reviewed and known in order to understand the regulatory framework that composes it.

A. GENERAL

1. [Special Law for the province of Galapagos \(LOREG\)](#)
2. [Regulation to Organic Law of Special Regime from the province of Galapagos](#)
3. [Regulations for the entry and control of vehicles and machinery to the province of Galapagos \(codified\) 2016](#)
4. [Reglamento de migración y residencia en el régimen Migration and residence regulations in the special regime of the province of Galapagos. 2017de la provincia de Galápagos.](#)

2017

5. [Resolution No. 038-CGREG-19-XI-2014 / Promote responsible consumption of plastics.](#)
6. [Resolution No. 027-CGREG-03-IX-2015 / Fee for entry and conservation of protected natural areas.](#)
7. [Resolution No. 038-CGREG-28-XII-2018 / Prohibition of use of fireworks.](#)
8. [Resolution No. 04-CGREG-14-01-2020 / Prohibition of entry and use of carnival foam.](#)
9. [Resolution No. 004-CGREG-13-02-2023 / Response procedure to maritime incidents under the SCI protocol within the province of Galapagos.](#)
10. [Resolution No. 002-CGREG-24-02-2024 / Approval of the update of the income rate for the conservation of protected natural areas.](#)

B. TOURISM

1. [Special Regulations for Tourism in Protected Natural Areas.](#)
2. [Ordinance regulating the procedure for changing the cadastral address of tourist accommodation establishments in the province of Galapagos. 2022.](#)
3. [Tourist Protection 2011](#)
4. [Fee for granting or renewing the Single Annual Operating License for tourist activities in the canton of Isabela 2021](#)
5. [Resolution No. 018-CGREG-2012 / instructions establishing the procedure for authorizing the construction of new tourist infrastructure for accommodation in the province of Galapagos. 2012.](#)
6. [Resolution No. 021-CGREG-29-VIII-2014 / Lifts moratorium on new prioritized tourist infrastructure and administrative processes.](#)
7. [Resolution No. 040-CGREG-10-XII-2014 / Approve the maximum number of rooms and places in tourist accommodation in Galapagos.](#)
8. [Regulations for Tourist Accommodation for the Special Regime of the province of Galapagos. 2015.](#)
9. [Regulations for Maritime Tourist Guidance for the special regime of the province of Galapagos. 2016.](#)
10. [Regulations for Maritime Tourist Transport Vessels for the special regime of the province of Galapagos. 2019.](#)
11. [Regulations for tourist food and beverage services for the province of Galapagos. 2021.](#)

C. COMMERCIAL

1. [Ordinance on production and demand to determine the restriction of the entry of yogurt from continental Ecuador to Galapagos. 2018.](#)
2. [Collection of Municipal License and Patent Tax in the Canton of Isabela 2011](#)
3. [Procedure for granting enabling titles and rates for land transportation Isabela 2018](#)
4. [Ordinance regulating commercial activities and the decoration of José de Villamil street](#)

2003.

5. Ordinance on visual advertising and auditory propaganda. 2007
6. Ordinance regulating the administration, operation and occupation of the municipal market "Puerto Ayora". 2021.
7. Ordinance regulating the use and occupation of public space in the Canton of Santa Cruz. 2021.
8. Substitute ordinance regulating the operation and administration of the free market of the Canton of Santa Cruz. 2022.
9. Resolution No. 059-CGREG-02-09-2021 / Regulations governing the procedure for issuing the island operation permit to vessels that carry out maritime transport of cargo from continental Ecuador to the province of Galapagos and vice versa.
10. Resolution No. 004-CGREG-13-02-2023 / Procedure for response to maritime incidents under the SCI protocol within the province of Galapagos.
11. Resolution No. 014-CGREG-24-03-2023 / Regulations containing the procedure for the operating permit as a cargo port operator for Galapagos.
12. Resolution No. 001-CGREG-24-02-2024 / Restriction on the entry of roasted and ground coffee into the province of Galapagos.

D. ENVIRONMENTAL

1. Environmental Protection in the Canton of Isabela 2010
2. Environmental Management in the Canton of Isabela 2014
3. Responsible management of urban fauna 2020
4. Substitute ordinance for the prevention and control of environmental pollution caused by noise emissions in the canton of San Cristóbal. 2018.
5. Ordinance for the responsible management of urban fauna in the Canton of San Cristobal. 2021.
6. Ordinance regulating the comprehensive management of solid waste in the Canton of San Cristobal. 2022
7. Ordinance setting rates for waste and solid waste management in the Canton of Santa Cruz. 2011.
8. Ordinance regulating the determination, administration and collection of the fee for the comprehensive management of waste and solid waste in the canton of Santa Cruz. 2020.
9. Substitute ordinance for the control of environmental pollution caused by noise emissions from fixed and mobile sources in urban areas of the Santa Cruz canton. 2021.
10. Resolution No. 038-CGREG-19-XI-2014 / Promote responsible consumption of plastics.
11. Resolution No. 038-CGREG-28-XII-2018 / Prohibition of use of fireworks.
12. Resolution No. 04-CGREG-14-01-2020 / Prohibition of entry and use of carnival foam.
13. Rules for visiting the Galapagos National Park. 2018.
14. Technical criteria for maritime transport of marketable waste from the Galapagos to

[mainland Ecuador. 2019.](#)

15. [Rules and conditions for managing diving activities in protected areas in Galapagos 2019.](#)
16. [Protocol for processing land use applications in the Galapagos. 2019.](#)
17. [Rules for the fishery of pelagic fish, demersal fish and mollusks in the Galapagos. 2019.](#)
18. [Regulations for the use and operation of remotely piloted aircraft systems. 2019.](#)
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24. [Procedure for the authorization and management of non-commercial fishing for residents of the Galapagos. 2023.](#)
25. [Regulations on the coercive power of the Galapagos National Park. 2023.](#)
26. [Licenses for artisanal fishermen in the Galapagos Marine Reserve. 2023.](#)



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